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MACKENZIE VALLEY PIPELINE INQUIRY

Government
Publications

IN THE MATTER OF APPLICATIONS BY EACH OF
(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A
RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS
CROWN LANDS WITHIN THE YUKON TERRITORY AND
THE NORTHWEST TERRITORIES, and
(b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY
THAT MIGHT BE GRANTED ACROSS CROWN LANDS
WITHIN THE NORTHWEST TERRITORIES
FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE

and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND
ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION,
OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE
PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.,

July 13, 1976.

PROCEEDINGS AT INQUIRY

Volume 162

CANADIAN ARCTIC
GAS STUDY LTD.

JUL 20 1976

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APPEARANCES:

Mr. Ian G. Scott, Q.C.,
Mr. Stephen T. Goudge,
Mr. Alick Ryder and
Mr. Ian Roland for Mackenzie Valley Pipeline Inquiry;

Mr. Pierre Genest, Q.C.,
Mr. Jack Marshall,
Mr. Darryl Carter and
Mr. J.T. Steeves for Canadian Arctic Gas Pipeline Limited.

Mr. Reginald Gibbs, Q.C.,
Mr. Alan Hollingworth and
Mr. John W. Lutes for Foothills Pipe Lines Ltd.;

Mr. Russell Anthony,
Prof. Alastair Lucas and
Mr. Garth Evans for Canadian Arctic Resources Committee;

Mr. Glen W. Bell and
Mr. Gerry Sutton for Northwest Territories Indian Brotherhood, and Metis Association of the Northwest Territories;

Mr. John Bayly and
Miss Leslie Lane for Inuit Tapirisat of Canada, and The Committee for Original Peoples Entitlement;

Mr. Ron Veale and
Mr. Allen Lueck for The Council for the Yukon Indians;

Mr. Carson Templeton for Environment Protection Board;

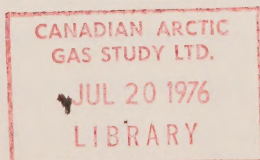
Mr. David H. Searle, Q.C. for Northwest Territories Chamber of Commerce

Mr. Murray Sigler for The Association of Municipalities;

Mr. John Ballem, Q.C. for Producer Companies;

Mrs. Joanne MacQuarrie, for Mental Health Association of the Northwest Territories.

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WITNESSES FOR CANADIAN ARCTIC GAS PIPELINE LIMITED:

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 Guy Leslie WILLIAMS
 F.T. HOLLANDS
 Melvin E. CARLSON

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 Charles HOBART
 - In Chief

25048

EXHIBITS:

- 658 Labour Manual, Pipeline Contractors Assn. of Canada 25018
- 659 Strathcona Sound Agreement between Her Majesty the Queen and Mineral Resources International Ltd., 1974 25049
- 660 Other Construction Phase Impacts by Trusty & Hobart 25050

Trusty, Williams, Hollands, Carlson
Cross-Exam by Bayly

Yellowknife, N.W.T.

July 13, 1976.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Well, are
we all set?

MR. GOUDGE: I think Mr. Bayly
had one or two more questions.

MR. BAYLY: I won't be long, Mr.
Commissioner. I have to start babysitting in about 15
minutes.

WAYNE B. TRUSTY,

GUY LESLIE WILLIAMS,

F.T. HOLLANDS,

MELVIN E. CARLSON, resumed:

CROSS-EXAMINATION BY MR. BAYLY (CONTINUED):

Q Gentlemen, if we could
go to Mr. Hollands' evidence again, on page 12, Mr.
Hollands, you refer to flexible rotation schedules for
native residents, and I wonder what sort of rotation
schedules you had in mind and what sort of flexibility
they would allow? Maybe that's in Mr. Carlson's evidence,
I'm not sure.

WITNESS HOLLANDS: No, I think
you're correct, Mr. Bayly.

Q Yes.

A I think it's our view that
the numbers of northern employees that are likely to be
employed in construction and the number of communities
to be drawn from indicate that with a good system and
pre-notice or agreement between the individual employees

Trusty, Williams, Hollands, Carlson
Cross-Exam by Bayly

1 and the company as to the amount of time that they
2 would like to be employed or would like to be back in
3 the settlement, that we could almost make tailor-made
4 individual arrangements with each of the participants.

5 Q Now, I gather this is
6 something that you would have to discuss as well with
7 unions, and that discussion hasn't take place yet.

8 A Yes, and the execution
9 contractor, yes.

10 Q Now, the information that
11 I have is that where this has been tried in Fort
12 McMurray, there has been a good deal of bad feeling
13 between native workers and white workers because of
14 the apparent unequal treatment. Is this something that
15 you studied and have any concern about?

16 A No.

17 Q No, that you haven't
18 studied it?

19 A No, we haven't studied it
20 and I guess we aren't concerned about it.

21 Q Mr. Trusty?

22 WITNESS TRUSTY: I was simply
23 going to note that in his testimony on the next panel
24 Dr. Hobart will be addressing this question of the
25 feelings between co-workers and the question of what
26 are on the surface inequities in treatment.

27 Q But you appreciate that
28 as a problem that has to be dealt with?

29 A It's a potential problem.

30 Q Yes, and it may make the

Trusty, Williams, Hollands, Carlson
Cross-Exam by Bayly

1 flexible rotation schedules something that you don't
2 want to fix for the entire period in case things don't
3 work.

4 WITNESS HOLLANDS:

5 A Or for a need to modify
6 it.

7 Q Yes. I gather, though,
8 you haven't studied the Fort McMurray situation for
9 the purpose of learning anything about it for your
10 rotation schedules.

11 A Not in the sense of
12 studying it. We have -- I am aware of the things that
13 you're mentioning here that has given them difficulty,
14 yes.

15 Q My understanding is that
16 some of the native peoples who were employed on the
17 Fort McMurray project actually went to their employers
18 and said, "Look, here, give us the same schedule as
19 everybody else because we're running into these kinds
20 of bad feelings from our co-workers."

21 A Could be, yes.

22 Q You've said as well that
23 southern employees would be required to take rotational
24 leave in the south. I gather again this is something you
25 must discuss with the unions before that can become
26 a workable policy .

27 A In the sense that we
28 negotiate agreements or we, through the execution
29 of contractors, the matter of rotation of work schedules
30 would be negotiable , yes.

Q Now, what sort of

Trusty, Williams, Hollands, Carlson
Cross-Exam by Bayly

1 regulations have you thought of imposing in regard
2 to after-hours relaxation in camps?

3 A I think this is something
4 that will be dealt with later, Mr. Bayly, if you can
5 defer it.

6 Q And will that apply
7 across-the-board to all workers, or in situations
8 where native people and others from the north live
9 close to their communities, will they be allowed access
10 to their home communities on a different basis from
11 other workers?

WITNESS TRUSTY:

12 A Well, in the next panel,
13 Mr. Bayly, we will address that question, including
14 the differentiation in treatment between northern
15 residents and southern transients.

16 Q All right. One of the
17 problems that was raised by Mr. Sharp when he was
18 here was that in the Ross River situation and in the
19 situation that developed in the Old Crow area, a number
20 of native people wanted to and did take some of their
21 co-workers from the south home for the weekends. That
22 was their desire, and they wanted to have them as
23 guests in their homes. How, if at all, will this fit
24 in with the policy you propose to adopt?

25 A Again, Mr. Bayly, it
26 seems to me that this line of questions is much more
27 appropriate to the next panel when we will put into
28 evidence the plans and policy-intentions as we see
29 them, and I think that these questions will fit much
30 better then when that material is on the record.

Trusty, Williams, Hollands, Carlson
Cross-Exam by Bayly

1 Q You'd be prepared to deal
2 with that question in the next panel?

3 A Yes.

4 Q Now, with regard to
5 training, construction and operations, Mr. Hollands,
6 you stated at page 7 that Arctic Gas would use the
7 services and facilities of the Territorial and
8 Federal Governments to the maximum extent possible,
9 for training northern residents. Would you tell us
10 what arrangements, if any, you've made with these
11 governments for the payment for these facilities, for
12 the instructors and the employment officers, etc.,
13 because I understand you'll be placing a significant
14 additional load on these facilities.
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Trusty, Hollands
Williams, Carlson
Cross-Exam by Bayly

WITNESS HOLLANDS: Sorry Mr.

Bayly. Did you say in operations or construction.

Q Well let's do one at a
time.

A Well I can't find that
reference point. That's my problem.

Q Starting at page five
in your last piece of evidence. You say that Arctic
Gas will cooperate with government agencies.

A Yes.

Q To ensure that northern
residents were provided the opportunity for academic
upgrading. Is that cooperation financial as well as
in other ways?

A Yes.

Q Have you worked out
arrangements with the government for the level of
participation that the company would handle?

A No, other than what we
have established through the present Nortran Training
Program, and I think it would be very similar.

Q All right. What's your
percentage there?

A I've forgotten, to be
honest. The evidence was given by Nortran.

Q Do you have any idea
whether this would cause the displacement of any of the
current training programs that are being conducted at
facilities presently operating in the Territories, for
example, the AVTC at Fort Smith?

Trusty, Hollands
Williams, Carlson
Cross-Exam by Bayly

1 A I would make an assumption
2 that it would make use of those facilities rather than
3 replace them.

4 Q Have you examined whether
5 it would necessitate expansion of current facilities
6 or an increase in staff?

7 A No.

8 Q Now we have the outline
9 of an agreement or a draft agreement. On page eight of
10 that agreement, you state that all contractors will
11 provide on a continuing basis Canada Manpower with
12 advance information on all of their work force require-
13 ments so that northern residents can be identified and
14 referred for employment consideration. Now, I'll give
15 you a couple of examples of types of people that might
16 be applying for jobs, and maybe you can let me know how
17 they would fit into this agreement and how they would
18 get called to work.

19 The first one I'll give you
20 is the case of a single man, aged 19 with grade 9 educa-
21 tion residing in Paulatuk. If we take that man, how
22 does he get matched up with a job and put into the
23 position where he can take it?

24 A I'm not positive that
25 that's relevant to the particular article that we're
26 talking about, inasmuch as this describes the obligation
27 of the contractor to provide to Manpower the description
28 and the kinds of jobs and the numbers of jobs that will
29 be available. What you're leading to is how the
30 individual is contacted with respect to that.

Trusty, Hollands
Williams, Carlson
Cross-Exam by Bayly

1
2 Q All right but Clause B
3 does say:

4 "So that northern residents can be identified and
5 referred for employment consideration."

6 A By Manpower.

7 Q Yes. Let's say that
8 Manpower says: "We have so and so, a 19 year old single
9 man in Paulatuk who could take -- who says that he's
10 available for a job and fits the requirements." O.K.,
11 how does he fit in? How does he get matched up with
12 the job?

13 A Then Manpower, who would
14 in the event that it works out to be Manpower, would
15 have the initial contact with that individual in the
16 screening of him, and the matter of him moving from his
17 settlement to that job is something that we have not
18 finalized with Manpower. At present, I think we'd use
19 the same facilities that are used today and that is that
20 they would be given some assistance by the Territorial
21 Government and/or Manpower in the way of getting them
22 to that job site.

23 Your question is, would Arctic
24 Gas assume that responsibility for getting them there.
25 I would say not solely.

26 Q O.K.

27 A But we have not discussed
28 what kind of arrangements. As Mr. Trusty noted that
29 should this -- you've got to appreciate this is a
30 draft agreement that DIAND as well as ourselves are
working on a possibility of a delivery system that may

Trusty, Hollands
Williams, Carlson
Cross-Exam by Bayly

1 carry a lot of the factors that are embraced presently
2 by Manpower. We don't want a proliferation of seeking
3 employment agencies. If possible, we hope we can
4 do it through one, and it may or may not turn out to
5 be Manpower.

6 Q So you can't tell me at
7 this stage whether you would have to go and sign up in
8 Inuvik, assuming you were from Paulatuk, or whether he
9 could be taken directly to the job site or whether
10 Manpower would take him or some other agency might be used?

11 A Strictly looking at the
12 agreement, this article says that it would be done
13 through Manpower. Yesterday, we discussed some possibili-
14 ties of a delivery system which would have a different
15 mix than presently exists, and in our opinion would be
16 more effective.

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Trusty, Hollands,
Williams, Carlson
Cross-Exam by Bayly

1 Q And you would anticipate
2 though that there would be a cost to the taxpaying public
3 through the manpower agency to get him to the job?

4 A I would anticipate that,
5 yes.

6 Q Let's take another example
7 here and see if there would be any difference. This is
8 a more central location. The case of a married man
9 with children, with a grade 7 education, 26 years old
10 in Tuktoyaktuk. Closer then, to the center of activity.
11 Would you anticipate the same procedure or would you
12 anticipate there being some facility ^{for him} to hire on in a
13 community like that?

14 A In terms of the article
15 in this agreement it would be the same.

16 Q All right. Now, being
17 that there is neither a Manpower office in Tuktoyaktuk
18 or Paulatuk, I'm assuming that you can see that there may
19 be some problems with delivering the information to the
20 people who might want the jobs in the outlying settlements
21 to them, without their having to come to a central
22 location like Inuvik where there is a Manpower office.

23 A I wouldn't anticipate
24 it being any more or less difficult than the existing
25 situation with Nortran, ⁱⁿ which Nortran members and Man-
26 power visit these communities and make job offers to
27 the people in the settlements. So, they would go to the
28 communities where they don't exist.

29 Q Well, as I understand the
30 way it has been working in Alaska, the job notices are

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Bayly

1 on a 48 hour basis.

2 A Correct.

3 Q Right. Well, there's no
4 scheduled flight into Paulatuk, that's why I chose it
5 as one of the communities. How does a person respond
6 to this? Does he have to charter an airplane? Does
7 manpower charter an airplane to bring him in? There's
8 some problems here that I think you can appreciate and
9 I'd like to know, if not now, at least before the end
10 of the Inquiry, what steps you're taking to involve
11 people other than those who choose to reside in the
12 central locations in the Mackenzie region, how they're
13 going to be able to participate in this project without
14 moving to them?

15 A Certainly the situation
16 that you're describing in Alaska, we're aware of too,
17 that that has been a problem, but if it was the Alaskan
18 Federation of Natives that made contact with the people
19 ^{an} in/outlying area that very often you could meet this 48
20 hour requirement and that's one reason that we're looking
21 at this delivery system with some anticipation that it
22 will resolve these kinds of problems, because if you can
23 overcome the need to come to a central hiring hall in
24 the dispatch center by taking the people from their
25 settlement directly to the work site, you do overcome
26 these problems that you're describing in Alaska.

27 Q All right. So, you think
28 by the use of this facility that you have begun to
29 describe that you may be able to overcome some of these
30 problems?

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Bayly

1
2 A Yes sir.

3 Q All right. Now, as I
4 understand your associate company, Alaskan Arctic Gas
5 has an operation in Barter Island, and I want to know
6 if it is a system like the one that you've started to
7 describe for us, where they pay to the community of
8 Barter Island some \$5,000.00 a month. Is that related
9 to this kind of delivery system?

10 A I'm not competent to
11 answer that.

12 Q All right, Mr. Trusty?

13 WITNESS TRUSTY: I don't know
14 all the details of what's happening. You're talking
15 essentially about the community of Kaktovik, correct?

16 Q Yes.

17 A My understanding is it's
18 not a delivery system approach in the sense that you're
19 discussing in here with Mr. Hollands.

20 Q Right.

21 A It encompasses other
22 things.

23 Q I wonder if you could find
24 out for us what that is and let us know through your
25 counsel?

26 A Yes sir, we can.

27 Q And I gather you have a
28 person in that community as well, who's hired on a two
29 day a week basis and I wonder if he's an expeditor in
30 the sense that you described this possible position in

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Bayly

1 your evidence, Mr. Hollands?

2 WITNESS HOLLANDS: We'll get the details,
3 Mr. Bayly, of the Kaktovik situation and bring them
4 forward.

5 Q On the subject of orientation
6 courses, and you refer to those under, "Training Programmes"
7 Have you got any farther down the road in designing -- I
8 think it's at page 5 or 6 of your second piece of
9 evidence. Okay, that's page 6, second paragraph and
10 third paragraph. One is for northern people, one is
11 for southern people, and the last time I asked this
12 question was of another witness and at that time, the
13 orientation courses had been thought of but they hadn't
14 been fleshed out and I want to know if you're any closer
15 to that than you were several months ago?

16 A No.

17 Q And Mr. Trusty, do you
18 know anything about --

19 A This was -- excuse me,
20 Mr. Bayly. Was this the question of Nortran?

21 Q No, this is something quite
22 different. It says Arctic Gas will make available
23 counselling for northern employees and their families
24 to help them adapt to the requirements of wage employment.

25 The next one is for southern workers assigned to the
26 Northwest Territories and the Yukon, Arctic Gas will
27 provide orientation programmes designed to familiarize
28 them with northern culture and an understanding of northern
29 peoples. In other words, there appear to be two orientation
30 programmes.

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Bayly

1

A Yes.

2

Q One to make northern people

3

adapt to wage employment, one to make southern people

4

adapt to northern cultures and lifestyles presumably.

5

A Yes. No, we have done

6

nothing further than in the last few months.

7

Q All right, then would

8

you be leaving that until after the granting of any

9

permit?

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Trusty, Hollands, Williams, Carlson
Cross-Exam by Bayly
Cross-Exam by Hollingworth

1 A We feel the timing from
2 then till this usage would be adequate, yes.

3 Q Have you thought of who's
4 going to determine the content of these programs, whether
5 it's going to be the company on its own or whether this
6 will be something done in co-operation either with
7 contractors or government agencies or unions or a combin-
8 ation of these groups?

9 A A combination.

10 Q Of all?

11 A Of as many people as have
12 input to it, yes.

13 Q All right, would you think
14 of including native organizations?

15 A Yes.

16 MR. BAYLY: That's all the
17 questions I have for this panel. Thank you very much.

18 MR. GOUDGE: Mr. Bell?

19 MR. BELL: No questions.

20 MR. GOUDGE: Mr. Hollingworth?

21
22 CROSS-EXAMINATION BY MR. HOLLINGWORTH:

23 Q Mr Trusty, could I
24 refer you to page 6 of your first piece of testimony?
25 I guess it was your only piece, and in the second
26 complete paragraph you speak of a peak number of 4,500
27 people. Is that accurate, or won't there be more than
28 that?

29 WITNESS TRUSTY: We went
30 through that yesterday, Mr. Hollingworth. Mr. Williams

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 addressed the question of the actual number of men as
2 shown by his chart attached to his evidence, and
3 the comparison between that and these figures.

4 Q Well, God forgive that
5 I wasn't listening yesterday, but I didn't catch all of
6 that, and when I look at figure 1 on Mr. Williams'
7 chart it still shows a peak of 54 or 5,500, and it
8 would appear that the 4,500 people exclude supervisory
9 people. Would that be --

10 A My number -- the number in
11 my testimony excludes inspection personnel, whether
12 working for Arctic Gas directly or however. The inspec-
13 tion personnel shown in Mr. Williams' chart. In addition,
14 Mr. Williams noted that there is a difference in the
15 sixth year of construction, as I recall, between numbers
16 that I've shown in my tables and the numbers shown in
17 his chart. As I noted at the beginning of my testimony,
18 Mr. Hollingworth, these numbers are somewhat dated, the
19 numbers that are shown in my testimony. They are drawn
20 directly from 14.c. They were intended at this stage
21 of the hearing simply to provide a backdrop for this
22 panel's testimony and not pretending that they are the
23 most up-to-date and accurate figures. Also they've
24 been rounded to the nearest 50.

25 Q Yes, I was aware of that.
26 Can you move your microphone a little closer, Mr.
27 Trusty? Mr. Williams, not a large point, but on Table 1
28 and Table 2 of your evidence, with respect to construc-
29 tion employment opportunities, you have cooks classified
30 as Class 2 skills. In fact charts 1 through 5 show that,

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 and then on charts 6 and 7 they become Class 3 category,
2 and I was wondering what the explanation for that was.

3 WITNESS WILLIAMS: What
4 particular item were you talking about?

5 Q On your Tables 1 through
6 5, a cook is classified under Class 2 skill. On Tables
7 5 and 6 he is classified as part of a Class 3 skill level.
8 Now unless the explanation is that the poor guys on
9 the compressor stations and river crossings get sub-
10 standard food, maybe you could help me out.

11 MR. STEEVES: That is on
12 Tables 6 and 7.

13 MR. HOLLINGWORTH: I beg your
14 pardon, Tables 6 and 7, Mr. Steeves advises me from
15 the gallery.

16 A Oh, I think it's just
17 an inconsistency, Mr. Hollingworth. It may not have
18 been done by the same man, the classification work.
19 It appears to be an error.

20 Q Do you know which way
21 it errs? Should they all be in Class 3 or all be
22 in Class 2?

23 A I would suspect 2.

24 Q Mr. Hollands, can I
25 refer you to page 11 of your evidence under Tab 3
26 under the construction testimony, Mr. Hollands.

27 WITNESS HOLLANDS: Yes. Page
28 11.

29 Q Yes, towards the bottom
30 you speak of a rotational leave break at Christmas.

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 Have you formulated plans as to how long this break
2 will be, and what portion of your work forces will be
3 out at any given time?

4 A The answer from our work
5 is "No" in the sense of the length of time. It's for
6 purposes of putting this together we made an assumption
7 that that would be a reasonable thing to do. Maybe
8 Mr. Williams would like to comment in a sense of the
9 job requirements.

10 Q Well, I'd like Mr.
11 Williams to comment because I understood that there
12 was going to be no break at all under the Arctic Gas
13 scheme at Christmas.

14 WITNESS WILLIAMS: I don't
15 think that's a correct statement, Mr. Hollingworth.
16 I think from time to time both here and elsewhere we've
17 talked about a 10-day -- up to 10-day break at Christ-
18 mas.

19 Q Well, sir, on your evidence
20 with Mr. Dau on September 24th of last year I was
21 questioning you and in one of your answers you say on
22 page 10157,

23 "Yes, it's on Table 1, column 6, where the
24 available calendar day that they suggest
25 varies from 74 to 150. The 150, I don't
26 think that would contemplate time off for
27 Christmas. Maybe quite a few of the others
28 thought it was appropriate to start after
29 the New Year, that's reflected in those
30 numbers. I don't think there's a firm answer

Trusty, Hildands, Williams, Carlson
Cross-Exam by Hollingworth

1 to your question. Some did; some didn't, and
2 I think it all ties in with the discussion
3 that went on yesterday and the day before
4 with your panel, this is the philosophy that
5 the contractors have used in Northern Alberta
6 of not starting their main construction until
7 after New Years. It's a philosophy that we
8 think can't be applied to this project."

9 Now, I'm certainly getting the idea from that evidence
10 that you didn't plan a Christmas break of any sort,
11 sir.

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 A Well, I'd have to read
2 that a little more closely than that Mr. Hollingworth.
3 I don't think that's what it says at all.

4 Q I see. Then when you were
5 discussing with Mr. Gibbs on November 13th, on page
6 13,035, you do in fact include a short time for a
7 Christmas break. Have you made any decisions as to
8 how long that break might be?

9 A Yes, as I said just a
10 few minutes ago, I am sure from time to time we have
11 talked about up to ten days at Christmas time.

12 Q Will your entire spread
13 be closing down for ten days?

14 A It will phase out and
15 phase in, Mr. Hollingworth.

16 Q Well can you explain to
17 me what that means sir?

18 A Yes. The crews are --
19 work sequentially down the right-of-way and the
20 front-end crews would move out first and return first.
21 The crews near the back end would move out last and
22 return last.

23 THE COMMISSIONER: Well, in
24 any event, the result is there would be a ten day break
25 in the schedule of construction.

26 A Well, that's a number we
27 have discussed Mr. Commissioner. There is nothing set
28 or firm --

29 Q I understand.

30 A This will be a matter of

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 discussion with contractors of course. I think it's
2 our idea that that break should be kept down to as short
3 as possible.

4 Q I should say you had
5 left me with the impression as well as Mr. Hollingworth
6 that you were opposed to a break at Christmas when you
7 testified in whenever it was, November, because you felt
8 that time was of the essence to maintain your construction
9 schedules through the limited winter season. That was
10 the impression you left with me.

11 A Well --

12 Q I mean, I know you are
13 saying a ten day Christmas break now, and I understand
14 that. But I just wanted you to know that I certainly
15 have the same impression as Mr. Hollingworth about what
16 you had said earlier.

17 A It seems to me that first
18 quotation that he read there was -- and I'd have to
19 read ahead of what he talked about, but it sounded like
20 it was a discussion with respect to what contractors
21 had said to us.

22 Q Well Mr. Williams, I
23 don't think we should argue about what that particular
24 passage means. You're telling me something now that
25 seems to me to be a change from what you told me before
26 and I am glad to know -- at least I know where you stand
27 now. If it was your fault for not making yourself
28 clear or my fault for not listening closely enough
29 before, that doesn't matter an awful lot now.

30 A I may have said Mr.

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 Commissioner that a Christmas break wasn't absolutely
2 necessary; that some people will work through Christmas.
3 In fact, a good percentage of the crews will work
4 through. But it has certainly always been our plan
5 to minimize the Christmas break. Certainly time is of
6 an essence. If it becomes necessary as it probably
7 will, some of the crew at least will have to move out
8 and if some moved out, then you might as well phase them
9 out and phase them in as I discussed, because you can't
10 get along with a half a crew.

11 Q You can or you can't?

12 A You cannot.

13 Q Cannot.

14 A Not for any length of
15 time. You know, you can fumble along for a while but
16 it wouldn't be too productive.

17 MR. HOLLINGWORTH: Well, does
18 your rotational scheme then Mr. Williams envisage that
19 at least half of your crew would be on the job through-
20 out the Christmas period?

21 A No. This phasing in and
22 phasing out would be over maybe three to four days at
23 the beginning and three to four days at the end, Mr.
24 Hollingworth.

25 Q Well, I am still confused.
26 Would there be periods of time around Christmas when the
27 spread was totally shut down?

28 A Yes. I would think so.
29 Yes.

30 Q How long would those periods

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 be?

2 A Totally shut down?

3 Q Yes sir.

4 A About a week.

5 Q About a week? Well

6 aren't some of your spreads starting to work around
7 December 1st?

8 A December 1st?

9 Q Yes. In the southern part
10 of the Northwest Territories.

11 A I would hope it would
12 be earlier than that Mr. Hollingworth. Now you may be
13 referring to the bar charts in the application where it
14 shows starting December 1st. I would hope with proper
15 planning that it would be earlier than that. I think
16 it can be earlier than that. I am not certain. It
17 depends on the particular year that the crews are there.

18 Q It also depends on the
19 weather.

20 A That's just what I --

21 Q --which you've been through
22 many times before?

23 A Certainly.

24 Q But
25 there's a possibility
26 that some of your spread would start as late as December
27 1st, isn't there?

28 A Not the complete spread.
29 Maybe some of the crews in the spread, Mr. Hollingworth.
30 Some of the spread would be out prior to that.

Q Well have you talked to

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 contractors about the practicality of starting say on
2 December 1st and then going for a three week period and
3 then shutting down for a week at Christmas?

4 A Yes.

5 Q What did they say?

6 A It's something that they
7 certainly try to avoid in northern construction.

8 Q Because it's very expensive
9 isn't it?

10 A Yes, it is certainly.
11 But it's, in my opinion less expensive than extending
12 the schedule another year for instance, or adding
13 additional spreads.

14 Q Have any of the contractors
15 you've spoken to indicated a willingness of starting
16 and then stopping for a week?

17 A That strictly depends on
18 the type of contract, Mr. Hollingworth. If they're
19 paid for it, they would be glad to do it.

20 Q Have they indicated that?

21 A Certainly.

22 Q Which ones have indicated
23 that willingness?

24 A Well, I had personal
25 discussions with all those eight contractors that we
26 have discussed previously and certainly none of them
27 said that they would refuse to do that.

28 Q Did you ask them if they
29 would do it?

30 A Oh, I don't know, that's

Trusty, Hollands
Williams, Carlson
Cross-Exam by Hollingworth

1 several years ago Mr. Hollingworth. I'm sure it was
2 discussed. I don't recall a specific conversation
3 but certainly these matters were discussed with all of
4 them. The type of contract that we have in mind, I
5 can't see any reason why they would object.

6 Q When you had these dis-
7 cussions a few years ago had you planned to have this
8 week's break at Christmas?

9 A It was discussed with
10 contractors, yes.

11 Q None of them expressed
12 an unwillingness to participate in a project that
13 started up and then shut down and then started up again?

14 A Certainly not.
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1 Q Mr. Carlson, we understand
2 from the evidence that there are certain rivers that
3 Arctic Gas plans to use twin river crossings on.

4 WITNESS CARLSON: That's
5 correct.

6 Q In fact I think there
7 are four rivers, aren't there? Four river crossings
8 --

9 A I believe so.

10 Q --where that technique
11 will be employed. Now, are there special operations
12 and maintenance requirements and numbers of men
13 involved at these river crossings?

14 A Does your question
15 relate to the, do you require more men because you have
16 twin crossings as opposed to a single crossing?

17 Q That's right.

18 A No sir, I don't think
19 you'd have any difference in personnel because you have
20 a crossing that's twinned.

21 Q You're going to require
22 visits to those crossings that mightn't be required for
23 single crossings, are you not?

24 A Yes sir.

25 Q Because they're going to
26 be fairly substantial physical plants at those river
27 crossings on either side, as I understand it.

28 A Could you repeat that
29 last part of the question, please?

30 Q My understanding is that

1 there are going to be fairly substantial physical plants
2 on either side of the rivers at these twin river
3 crossings.

4 A I wouldn't agree with you,
5 Mr. Hollingworth.

6 Q Well, my understanding is
7 that there will be buildings 30 feet by 36 feet on each
8 side of the river, and between 14 and 20 feet high.

9 A I have not seen any
10 final drawings in this regard. I do believe this
11 is a housing of valve assemblies, and possibly some
12 sending and receiving facilities, but I certainly don't
13 consider that a substantial facility.

14 Q You'll agree with me that
15 buildings of that size are on ^{either} side of the river at
16 these two river crossings?

17 A The only problem I have is
18 with the actual dimensions that you have listed. I do
19 not recall those but I'll accept your ^{dimensions} /, and agree with
20 you that is a substantial facility for a river crossing
21 valve assembly.

22 Q And there will be an
23 airstrip at these localities too, I understand.

24 A No sir, I believe they
25 will have ^a helicopter facility at valve assemblies. We
26 may have an airstrip at one or more, but I would guess
27 you have helicopter pads, not airstrips. Compressor
28 stations at the river crossing itself.

29 Q All right now, I
30 understand your evidence before the National Energy

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 Board was for operations and maintenance you only
2 required airstrips 2,400 feet long.

3 A Yes sir.

4 Q And in fact there will be
5 6,000-foot airstrips at some locations along the pro-
6 posed route.

7 A That is correct.

8 Q Now, will your people be
9 maintaining the full 6,000-foot runways, or will they just
10 ignore the portion that isn't required thrown in?

11 A It is not our plan to
12 maintain a 6,000-foot strip.

13 Q So the maintenance will
14 be of the 2,400-foot part only?

15 A That's correct.

16 Q And what manpower have
17 you set aside for that?

18 A Are you talking about
19 specific numbers of personnel required to maintain
20 airstrips?

21 Q Yes.

22 A We do not have our
23 personnel broken down into job tasks that would enable
24 me to respond specifically to that question.

25 WITNESS TRUSTY: Mr. Hollingworth,
26 yesterday that was one of the items that was noted as
27 a possibility for outside contract and for which there
28 are funds allocated in the cost estimates. I'm not
29 saying that that's definite, but that was noted as one
30 of the possibilities.

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 Q Well, whether it's done
2 by outside contractors or by Arctic Gas, it's going to
3 be done by somebody.

4 A Yes.

5 Q Well, how often would
6 you anticipate having to do the maintenance on the
7 airstrips?

8 WITNESS CARLSON: Certainly more
9 would probably be required
10 maintenance during the winter season when you have a
11 snow collection on the airstrip. I have no specific
12 experience to the amount of maintenance an airstrip of
13 this type would require, but I'm sure with this exper-
14 ience we would develop quickly after we go into
15 operation. As a matter of fact, I would expect by the
16 time we go into operation we'll have this information
17 based on the construction experience where certainly
18 the same strip would require maintenance to handle
19 our construction activities.

20 Q Now, when you appeared be-
21 fore the National Energy Board, you were being
22 questioned about the possibility of a line break along
23 the North Slope and the method of repairing it, and as
24 I understand it, you now propose that you might use
25 a machine that would inject steam into the permafrost
26 in order to dig a proper trench. Is that correct?

27 A That's a possibility.

28 Q What type of a machine
29 would this be, can you describe it physically?

30 A We have not investigated
any specific equipment, but certainly if excavation is

Trusty, Hollands, Williams, Carlson
Cross-Exam by Hollingworth

1 required, steam-generating equipment would be useful.
2 That's a detail that we would not expect to investigate
3 for some time, certainly not prior to a certificate.

4 Q Well, what sort of skill
5 is required to operate a machine like this?

6 A I'm not sure I can respond
7 to that question at this time.

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Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth

1 Q Now under your new proposal
2 to cross Shallow Bay. The operations and
3 maintainance headquarters would be in Inuvik for that
4 section I understand?

5 A That's correct.

6 Q But I take it that there
7 would be equipment at adjacent compressor stations.

8 A That's right.

9 Q Would I be correct that
10 one of those would be at Tununuk Junction?

11 A I believe so, yes.

12 Q And the other one would
13 be CD-05 in the first years?

14 A Yes sir, I believe so. I
15 don't think that station will be built during the first
16 year of operation, but it would be our plan to have
17 equipment at most of those locations, as soon as we
18 go into operation.

19 Q Well, now I understand
20 that Arctic Gas is now considering heating the gas as
21 it crosses Shallow Bay.

22 A Did you say heating the
23 gas?

24 Q Heating.

25 A I don't believe that has
26 been mentioned specifically. I believe at the N.E.B.
27 we did mention the introduction of heat is a possibility
28 of overcoming frost heave. That doesn't mean heating
29 the gas. In a dual river crossing it is not beyond the
30 realm of possibility that one could isolate one of the

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth

1 lines and introduce hot water, for example, to overcome
2 any stresses that may result from frost heave. You could
3 have steam, you could have hot water, you could -- the
4 introduction of heat could relieve stresses.

5 THE COMMISSIONER: You mean
6 between the wall of the pipe and the earth surrounding
7 it?

8 A No, you would actually
9 introduce -- you could introduce a heated medium in the
10 pipeline that has been isolated from the other pipeline.
11 If, for example, frost heave was measured as something
12 that is occurring and your line is rising, it is not
13 beyond the realm of possibility that one could overcome
14 that heave by introducing heat into the pipeline, this
15 could be accomplished by several methods. Now, there have
16 been no investigations that have been made in connection
17 with a specific procedure, but there's no question this
18 is a possibility. Now, quite frankly we don't feel this
19 will happen. Our designers will conduct soil tests
20 and install those two pipelines at a depth with a type
21 of overburden which they judge to be sufficient to over-
22 come frost heave in the pipeline, and any reference I'm
23 making to heat is in the event the design was too conserva-
24 tive or was not conservative.

25 MR. HOLLINGWORTH: You're saying
26 the gas would not be heated?

27 A That is not our plan.

28 Q Well sir, I'm referring to
29 page 4,774 of the Energy Board hearings, date, June 14,
30 '76. Mr. Gibbs is cross-examining the geotechnical panel

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth

1 and he says,

2 "Q The other one I heard of for the
3 first time this morning, Dr. Clark, was the
4 possibility of heating the gas across
5 Shallow Bay as a frost heave control measure.
6 Have you been consulted on that?

7 MR. CLARK: No, I wouldn't say we have
8 been consulted, again it has been discussed
9 briefly, but we haven't made any calculations."

10 A I think Mr. Gibbs misunder-
11 stood the response to the earlier question.

12 Q Well, Dr. Clark didn't
13 straighten him out on his misunderstanding though.

14 A I was not at the hearing
15 at that time.

16 Q So you say that it's a
17 misunderstanding?

18 A My discussions were with
19 Dr. Slusarchuk, prior to our appearance at the N.E.B.
20 and this was just based on a brief discussion, and he
21 agreed that the introduction of heat could relieve frost
22 heave stresses, nothing more.

23 Q Well I'll see if I can
24 find the earlier reference that Mr. Gibbs is speaking
25 of, but in the meantime, what type of heated medium in
26 the pipe were you thinking of?

27 A Hot water was a first
28 thought, a methanol, water mix, heated. Very similar to
29 the median that is -- that has been used quite success-
30 fully in winter hydrostatic testing where you pump water

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth

1 in one end and run it out the other end.

2 Q Well, when you're doing
3 that with one of your 36 inch pipes under Shallow Bay,
4 presumably the other one is shipping all the gas from
5 Alaska?

6 A That's correct.

7 Q And is it capable of
8 taking all the gas that's normally flowing through the
9 48 inch pipe after the fifth year?

10 A Yes sir, with the pressure
11 drop that we could live with.

12 Q There would be a pressure
13 drop?

14 A Yes sir.

15 Q And there would be a drop
16 in through-put obviously.

17 A That's right.

18 Q And how long would this
19 operation take of heating up the methanol or water, what-
20 ever and running it through the pipe and correcting the
21 frost heave?

22 A That's something I certainly
23 couldn't answer without consultation with the geotechnical
24 experts.

25 Q And how many men would be
26 involved in the operation?

27 A I prefer not to guess, but
28 would
29 I imagine a crew very similar to a crew that you would
30 use for the filling and circulation part of a hydrostatic
test of a river crossing of that type or size.

Trusty, Hollands,
Williams, Carlson
Cross Exam by Hollingworth

1 Q Now, Mr. Williams, I under-
2 stand from the evidence given at the Energy Board by
3 the construction panel I believe you were on, that if
4 permafrost were encountered under Shallow Bay then
5 blasting would be used in order to dig a trench, is that
6 correct?

7 WITNESS WILLIAMS: Well certainly
8 some blasting will probably be required at the shore
9 lines, Mr. Hollingworth. I wouldn't see it to any extent
10 in the main part of Shallow Bay, but certainly it would
11 be probable at the shorelines.

12 Q Well, my understanding is
13 that since you appeared before this Inquiry last, it's
14 felt that the depths of cover under Shallow Bay has to
15 be something in the order of 30 to 40 feet rather than
16 10 feet.

17 A Yes.

18 Q Now, aren't you going to
19 encounter permafrost when you dig that deep?

20 A At the shorelines, yes. I
21 don't think from our -- the drilling that we have done,
22 in Shallow Bay would indicate that it would be required
23 in the main part of the Bay.

24 Q You've drilled down that
25 far in the middle of Shallow Bay?

26 A Yes. We've gone down, I
27 think in the order of 60 feet, Mr. Hollingworth.

28 Q I see.

29 A With core samples and perma
30

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth.

1 frost was encountered at a couple of them but at a
2 substantial depth.

3 THE COMMISSIONER: Excuse me.
4 We're talking about the four mile main crossing of
5 Shallow Bay.

6 A Yes sir.

7 MR. HOLLINGWORTH: This blasting
8 requirement that you might have on the shorelines, at
9 least, alter your manpower requirements?

10 A No, I think the crews that
11 we have reflect sufficient people, Mr. Hollingworth.

12 Q I see. Now, where the
13 36 inch pipes end at either side of Shallow Bay there's
14 going to be a pad there with valves on it as I under-
15 stand it?

16 A There will be valves and
17 scraper traps on the west side of West Channel. I think
18 we've said that there will be valves on the east side
19 of Middle Channel, but I don't think we've ever dis-
20 cussed valves on either side of Shallow Bay, Mr. Holling-
21 worth.

22 Q Well, let's say at the
23 terminals of the 36 inch pipes then.

24 A Yes, the terminals of the
25 36 inch pipe, which extend from the west side of West
26 Channel to Richards Island and plus valves in between.

27 Q I see, and those valves
28 are to be on gravel pads 500 feet by 250 feet?

29 A I don't know if we've ever
30 given numbers like that, Mr. Hollingworth.

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Hollingworth

1 Q Well, what sort of access
2 will there be to these pads?

3 A I believe by helicopter.
4 or by boat.

5 Q Okay, so at the western
6 terminal of the 36 inch pipes there would be either
7 helicopter access and/or boat access?

8 A Would you repeat that again?

9 Q At the western terminal of
10 the 36 inch pipes, in other words on the west side of
11 West Channel, the access to the valves there would be
12 either by helicopter or by boat, or both?

13 A Yes sir.

14 Q And the same with the
15 installation on the east side of Middle Channel?

16 A Yes sir.

17 Q And there would be no
18 air strip on either side?

19 A No sir.

20 Q Okay. That's all the question
21 I have. Thank you.

22 THE COMMISSIONER: What's the time?

23 MR. GOUDGE: Five after eleven.

24 THE COMMISSIONER: We'll
25 adjourn for coffee.

26 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
27
28
29
30

Trusty, Hollands
Williams, Carlson
Cross-Exam by Reesor

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. GOUDGE: I think Mr.

Reesor is next sir.

CROSS-EXAMINATION BY MR. REESOR:

Q Mr. Trusty, most of

our concerns of course are not related to employment as such, but more the impact or the possibility for impact on communities of these people that you discuss in your paper. So although most of my questions will be dealt with in panel four and five, I'd like to talk to you about table two in your presentation.

To try to get an idea of how these figures -- what implication these figures might have for potential impact in the communities. Now, I know there's a lot of information around in your presentation that has been discussed before dealing with this. But to try to get a handle on -- sort of in one place with what we're dealing with so we can look at panel four and five and the information you discuss. Then we're in a better position to be able to judge its effectiveness.

What I've done is try to conceptualize this and try to fit in some numbers, is to characterize possible different impacts by doing up a little chart where you have along one access, the possibility of employees living in the community, living in camps with no contact in the community or living in camps with a degree of contact with the communities. Along the other access would be residents and non-residents. What this would do would be set up six different

Trusty, Hollands
Williams, Carlson
Cross-Exam by Reesor

1 possible scenarios about the potential impact that these
2 employees would have on the communities.

3 Maybe we could just run through
4 them and just briefly look at what the implications
5 might be. I don't want to get into the full impact,
6 because I realize that we'll be discussing this later.
7 But I want to tie that sort of thing into these numbers
8 before we go on.

9 WITNESS TRUSTY: May I ask,
10 is this chart format you are using very similar to the
11 one that the Town of Inuvik used in their planning,
12 because if it is I have it and that might smooth things
13 out.

14 Q Perhaps, you have it with
15 you?

16 A Yes.

17 Q Maybe you could just
18 describe that briefly and see what overlap there is.
19 It's not specifically Inuvik's but it might be able to
20 help.

21 A Five cases.
22 The five cases vary in terms of the amount of contact
23 there is between construction workers and the community.

24 Q I would say that that
25 includes some of what I am talking about here, but I'd
26 like to stick to this.

27 A All right.

28 Q Because then we can sort
29 of use that as a base to evaluate panel four and five.
30 Now, based on table 2, could we go through those

Trusty, Hollands
Williams, Carlson
Cross-Exam by Reesor

1 numbers that you feel you have information on relating
2 to for instance, the degree of contact with communities
3 and -- well, let's do that first.

4 For instance, on the pipeline
5 construction figures, it starts off at 250 and goes
6 across and ends in 1983 at 650. Is it your position
7 that there would be no contact with the communities?
8

9 A No sir. About the only
10 way I can respond is really to start giving the evidence
11 of panel four. Let me give you an example. In the
12 evidence of panel four we note that in each of the
13 communities Inuvik, Fort Simpson, Norman Wells and Hay
14 River, there would be ^a ten man detachment located in the
15 community to serve certain functions of liaison,
16 expediting, transportation arrangements and so on.

17 Q That would be included
18 in those construction figures?

19 A Yes. That's correct.
20 Similarly, in the evidence of that panel, we will note
21 the number of people employed in the staging area
22 function at different times of the year with reference
23 to Hay River, Enterprise, Fort Simpson. We also in the
24 evidence of that panel go through the location of
25 facilities and activities that are in proximity to any
26 community, and we just go through them in order dealing
27 with all of those things that are common to several of
28 the communities; all of those things apart from that
29 where there is activity close to a community. We go
30 through all that.

It seems to me that the kind of

Trusty, Hollands
Williams, Carlson
Cross-Exam by Reesor

1 question you're getting at will be much more easily
2 dealt with when we've gone through all that information.

3 Q Right. I've read that
4 evidence and I agree it ties together. Perhaps the
5 best way is to come back and try to tie in this table.
6

7 A I'd be happy to do that.

8 Q -- with the new
9 evidence.

10 A I'd be happy to do that.

11 Q The difficulty I find
12 is it's difficult for me to judge -- for instance,
13 I'll give an example. Depending on the mix of degree
14 of contact with the communities and whether you antici-
15 pate the positions filled largely by residents or non-
16 residents, depending on that mix, would be my appraisal
17 of whether the measures that you would elicit to reduce
18 the impact -- whether they're effective or not.
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Trusty, Hollands, Williams, Carlson
Cross-Exam by Reesor

A Yes.

1 Q That's what I'm trying
2 to get at, and that basis can only come about by looking
3 at that mix based on the numbers.

4 A Well, let me note that
5 the Panel 4 evidence will really be dealing with the
6 numbers that are part of the first line in this table
7 you're referring to. All right, and in addition it
8 touches on the numbers that -- it certainly deals also
9 with the numbers that now exist that correspond to
10 the transportation and equipment storage line in the
11 table, and it touches on the numbers associated with
12 delta gas development and production line in the table.
13 Are you with me?

14 Q Yes, with the transpor-
15 tation equipment storage numbers, would that be the
16 numbers in your staging area?

17 A Yes, that's correct, and
18 as I tried to explain in my evidence yesterday, there
19 have been some changes. So those numbers aren't
20 directly comparable but we're dealing with the same
21 orders of magnitude and we're dealing with the same
22 function.

23 Q I think really what
24 I'm looking for is ^aproportion so we know where the
25 emphasis should be placed on those, again those
26 measures that would try to mitigate the negative impact.

27 A So the evidence of
28 Panel 4 will deal with those three lines primarily,
29 the numbers associated with those three lines in the
30 table, that's line 1, line 5, and marginally with line 3.

Trusty, Hollands, Williams, Carlson
Cross-Exam by Reesor

1 The evidence of the fifth panel will deal in detail
2 with line 2 on this table, and with line 4.

3 Q That's exploration?

4 A That's correct, and with--
5 again with line 3 in terms of the ongoing non-construc-
6 tion, non-plant construction portion. So between those
7 two panels we will have dealt with all the lines in
8 the table, and I'd be happy then to come back and make
9 whatever relationships we can, or what seems approp-
10 riate.

11 Q All right. In this table
12 it was pointed out that inspection personnel were
13 excluded. Also there were some changes because of the
14 change in the cross-delta route.

15 A Yes.

16 Q And so on. Doyou have
17 those figures so that we could, rather than dealing
18 with numbers that don't really -- you don't have the
19 new numbers?

20 A I don't have the most
21 up-to-date numbers of the type Mr. Williams presented
22 in his chart translated into man-years. I do not have
23 those. I'd be happy to explore it but I don't think
24 it probably relevant, given the kinds of numbers we
25 will be presenting in terms of community-specific
26 things.

27 Q Right. Would you agree
28 that probably rather than man-years, to get the idea
29 of what an impact on a community would be you should
30 be looking at actual numbers of people actually on a

Trusty, Hollands, Williams, Carlson
Cross-Exam by Reesor

1 seasonal basis?

2 A We do that when it
3 comes to dealing with communities, we do that.

4 Q So we could look at these
5 various, called categories of employment, in terms of
6 actual numbers of people rather than man-years.

7 A Yes sir.

8 Q And you have that
9 information that if we were to go through this again
10 say tomorrow, whenever, for Panel 4 or 5.

11 A In community-specific
12 terms, yes, anything where it touches on a community,
13 we have those numbers. Where we do not have the
14 translation made into you know, in terms of numbers, are
15 those personnel who would be well away from communities
16 in camps and never near the communities, as far as
17 we're concerned.

18 Q O.K. The other thing
19 that this excludes, I understand, is spinoff effects,
20 secondary effects as a result of --

21 A This table in front of
22 you does not include those.

23 Q Maybe we should hold on
24 for this musical interlude.

25 A Yes.

26 THE COMMISSIONER: I'll segre-
27 gate this noise.

28 A The table in front of
29 you does not include those. We will be dealing with
30 the spinoff and induced activities in detail in Panel 5,

Trusty, Hollands, Williams, Carlson
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1 and I'm happy to go back over the discussion of what
2 was in 14.c on that matter, the discussion that we
3 had last week around the multiplier question, and I
4 think it also will be a lot clearer if we do it in the
5 context with Panel 5 evidence.

6 MR. REESOR: Q Just one other
7 thing for you. Would you agree that this boom-bust
8 or this lack of boom-bust model that you present, or
9 graph, chart, would you say that that was independent
10 of whether you have residents or non-residents
11 involved, or what contact they have with communities
12 or not?

13 A No sir, I think it's
14 entirely dependent on that question.

15 Q So for instance, to give
16 an example perhaps, if say your 1,600 jobs were filled
17 from residents, or if they were in communities and then
18 after the pipeline they went into some other category,
19 which say exploration that took them outside of the
20 community, then it obviously would be a boom-bust
21 situation.

22 A Well, it depends on
23 where their place of residence is.

24 Q Right, I'm speaking about
25 if it shifts -- if the job would shift from resident
26 to non-resident as an example.

27 A Well, if they were non-
28 residents of the region, in other words southerners,
29 then it could have that effect. If on the other hand
30 they were residents of the community, then for all the

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1 communities taken as a whole, there should not be a
2 boom-bust effect. If they're shifting from one community
3 to another, then there could be micro-effects in a
4 particular community. They are compensated for by
5 gains from some other community.

6 Q Of course, and in Panels
7 4 and 5 you will show that in fact that sort of scenario
8 won't happen.

9 A No sir.

10 Q Because of the mix of
11 residents, non-residents, and also contact with
12 communities.

13 A We'll deal with that
14 and we'll deal with the range of possibilities that
15 exist, depending on the residency of all of those
16 people who take permanent ongoing jobs, and we'll go
17 through it in some detail.

18 Q Do you have a handle on
19 the proportion of residents versus non-residents --
20 northern residents versus non-residents, that you might
21 expect to take up jobs in these various categories?

22 A If you're talking about
23 a prediction, I say "No." What we have done is look at
24 what happens if you get to full employment in a region
25 taking the existing labor force as it will be in the
26 year 1985, and what then is the relative situation in
27 terms of the number of jobs versus the number of
28 people available as residents to fill them, and you find
29 that there is an excess of jobs over people and therefore
30

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1 a requirement for in-migration in terms of permanent
2 jobs, which is very different than the construction
3 kind of thing that we were talking about in the Alaska
4 panel. That in turn induces additional jobs and
5 that has implications in terms of the growth of the
6 community; and that evidence we'll be bringing. Now,
7 that's got a very definite assumption in there about
8 the regional residents taking those jobs. Now, in
9 getting to the numbers, we also attempted to smooth
10 out the seasonality factor. So, you know, we tried
11 to take that into account. I'll be explaining that.

12 Now to the extent that regional
13 residents do not take those jobs, the in-migration
14 requirements will increase in direct proportion, and
15 I might note that the induced effect also increases
16 to the extent that regional residents don't take those
17 jobs. Again we'll go into that and try to make that
18 clear later on.

19 Q Right.

20 A But to make a prediction
21 about exactly how many residents will take these jobs,
22 we have not attempted to do so and in my judgment it
23 would be nothing more than a guess.

24 Q Right. I agree the
25 difficulty is that without really having an indication
26 even just in rough terms in consultation with Manpower
27 and of course it's not up to you to say who will take
28 jobs and who won't, whether resident or non-resident,
29 or how many residents will take jobs. Without having
30 a sort of a feeling for this, we may be -- we may take

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1 certain measures to negate negative impacts, which
2 actually don't happen, or vice versa. YOU may miss some-
3 thing that you should have looked after. It seems it's
4 so crucial to the question of impact to have a feeling
5 for the portion of residents versus non-residents.

6 A In my view, what one
7 does in that case -- and this is what I was trying to
8 explain the other day -- is one intentionally over-
9 estimates and you can intentionally over-estimate in
10 various parts of the equation, if you like. What we
11 did in terms of the work we'll be presenting in Panel
12 5 is to intentionally estimate what we would believe
13 to be an upper end of the induced effects. In other
14 words, we used a multiplier sufficiently high to
15 generate a maximum possible induced effect in those
16 communities, and therefore a maximum possible requirement
17 for new building and services and so on, and that was
18 a way of compensating for the problem you're talking
19 about. It seems to me that that's what the planner
20 has to do, failing the availability of very good
21 high probability estimates of what will actually
22 happen. Then he has to lean to the maximum side, and
23 then try to build into his plan sufficient flexibilities
24 so that he doesn't get locked into say a building pro-
25 gram that turns out to be under-utilized.

26 Q But is it not a two-edged
27 sword that if you for instance, if you use more residents
28 than you'd anticipated and took them out of communities
29 you could see a diminished tax base, you could see
30 an out-migration which could have serious ramifications

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1 for local industry, this sort of thing. On the other
2 side, you find that you use --

3 A Let me stop you there.
4 You said "took them out of communities".

5 Q No, well I don't mean
6 that you drag them out. I mean if you have say full
7 employment^{up here} and you had your -- had a large number of
8 residents from the communities going out and working
9 say in the camps.

10 A Yes, but their place of
11 residence would not be at the camp. You see, the key
12 factor in terms of the induced effects of employment
13 is not necessarily where the jobsite is, it's where
14 the person's family is, where they spend their incomes,
15 that's what has the induced growth effect on communities.
16 That's what creates demand for services and so on.
17 The fact that a jobsite might be out on a drilling rig
18 in the Beaufort Sea doesn't have anything to do with
19 the growth of Inuvik if the person maintains his
20 residence in Inuvik.
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1 Q I grant you, in the case
2 of tax base this is perfectly true, but aren't you in
3 a situation of having a family house maintained, residence,
4 say in Inuvik, that requires certain services.

5 A Yes.

6 Q And yet there's an out
7 migration of these individuals, to camps say, who
8 even though they are resident in the community for
9 your purposes, they wouldn't be there to work in local
10 industries.

11 A All right, now you're
12 talking about a different thing. Now you're talking
13 about dragging manpower out of local industries, which
14 is a different matter than creating services and demands.

15 Q right.

16 A And I agree that that's
17 no different than if a person takes another job in the
18 community, let's say that the gas plant was in downtown
19 Inuvik and people took a job in it, that is, it has
20 nothing to do with the location of the work site, it
21 simply has to do with that there are more job opportunities
22 and some people may leave an existing position to fill
23 a new position which creates a vacuum in the existing
24 position, and if you're at full employment then that in
25 turn creates a requirement for in-migration, and that's
26 the kind of thing that we will be dealing with in this
27 evidence to be brought in panel five.

28 Q I just want to be sure
29 that this business of residents versus non-residents
30 is examined, and even if we have to guess, based on some

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1 tenuous assumptions, I think we should do it, otherwise
2 it's pretty well impossible to say whether, what you're
3 trying to do to offset the negative impacts will be
4 effective or not. I think that's my point.

5 A Yes, I agree, and we tried
6 to do that and we'll bring that evidence.

7 Q One final point. Why
8 was Pine Point excluded from the study area in 14.c?

9 A Well, it was just a question
10 of delineating the area that seemed to us to be the
11 maximum impact area and that involved essentially drawing
12 a wide swath down the pipeline and then including
13 all communities that were in that and most of the communities
14 were captured.

15 Q Well, Fort Smith was
16 included and Pine Point, if it was shown on that map,
17 would have been included.

18 A Except you'll find that
19 if you actually look at the footnotes on a lot of the
20 tables, Fort Smith isn't included. It happened to fall
21 within the lines that were drawn but the data in Gemimi
22 and then in 14.c is often missing in the case of Fort
23 Smith as it is in the case of Yellowknife.

24 Q And in the Van Ginkel
25 report, not only Pine Point Smith, but I understand they
26 don't deal with Rae-Edzo and Yellowknife, for instance?

27 A They certainly don't deal
28 with Yellowknife. I can't recall about Rae-Edzo, but
29 I accept that that's true.

30 Q I'm wondering why, in the

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1 case of -- was Yellowknife excluded or Smith or Pine
2 Point because the feeling was that the impact would be
3 minimum and therefore -- or minimal and therefore
4 needed no examination?

5 A In general. It was a
6 somewhat arbitrary choice that was made in terms of
7 where the pipeline is, where the bulk of the activity is.

8 If you take the case of Yellow-
9 knife, its' distance from the line in conjunction with
10 the fact that it's the largest community and therefore
11 the most able to absorb what growth will occur, those
12 factors led us not to get into Yellowknife. To get
13 into Yellowknife would have been to throw a lot of
14 emphasis in one place where we felt the emphasis really
15 more properly belonged on the communities that were
16 much more adjacent to the right of way or close to the
17 pipeline in general. Plus, the delta area because of
18 the production activities.

19 Q Just off the top of my
20 head, it seems that particularly, Pine Point might find
21 a tremendous out-migration. You might find a lot of
22 skills that are brought to bear in that situation, which
23 is sort of a camp situation. You get a lot of people
24 moving out of there to work on the pipeline and not only
25 in the sense of leaving their residency in Pine Point,
26 but actually moving out, lock, stock, and barrel. Would
27 you agree with that, or --

28 A That may be sir. I don't
29 know whether it's going to happen or not.

30 Q There's no examination on it.

Q Have you -- do you know if there's been any discussion with the Pine Point Council?

Q I think what I'm -- my point here is that -- just off the top of my head, I could see a situation where not -- well the requirements of the mine there could be cut into disastrously, as well as the tax base of the town and the whole infrastructure could be decimated, I don't know, without really studying it.

A Well, I don't think anyone can know that sir, because it seems to me that that's going to ultimately reflect choices made by those people and to my knowledge there's really no way to research that and even to -- you know, to canvas people and ask them, "what will you do", I think the history of that kind of research is that it really doesn't tell you anything about people, what people actually will do when the

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1 time comes to vote with their feet so to speak, and so --

2 Q This is very true, but
3 the other communities, I think, would have similar con-
4 cerns if it wasn't an out-migration it would be in-
5 migration and you have tried to come to terms with
6 those factors that you do have control over, and it just
7 seemed strange to me that Pine Point was forgotten.

8 A We tried to come to grips
9 with the question in terms of those communities that
10 we felt were sufficiently close to the pipeline or the
11 activity that would go on that -- where the probability
12 of that occurring was highest. Now, that's not to say
13 that the probability is not there, in other communities
14 and one could conceivably define the region to include,
15 you know, the entire Northwest Territories. It's a
16 question of limitations that you have to impose on
17 that kind of a study if you're going to do anything
18 meaningful.

19 Now, maybe we should have
20 put Pine Point in, I wouldn't want to argue that we
21 shouldn't have or that we made exactly the right choice.
22 The fact is, we didn't, and that was more or less an
23 arbitrary decision not to.

24 Q All right, thank you.
25 Mr. Hollands, you refer to northern residents, and I
26 know the pipeline guidelines certainly do, have you
27 thought about a definition or do you have a definition
28 of what northern residents are? Why I ask it of
29 course, it has major implications for impact.

30 WITNESS HOLLANDS: That's correct

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1 and we not only thought about it, we talked a great
2 deal about this with DIAND, in terms of this draft
3 agreement that you'll find attached to my first testimony
4 and without looking at it, it's blank with an indication
5 that we really need some assistance in the definition
6 of what a northern resident is, for our purposes.

7 Q Do you anticipate recommending
8 a definition to the -- to us or to the federal government
9 or --

10 A Among other things, I
11 would hope that as a result of these hearings we'd get
12 some recommendations as to what, in terms of what we're
13 trying to accomplish, that we'll get a definition for
14 a northern resident.

15 Q Well, won't the definition
16 have implications for the impacts that you're presenting?

17 A Yes sir.

18 Q But you won't know the
19 definition until after you've presented your ideas about
20 impacts? What I'm thinking is this, that as I under-
21 stood it in Alaska, because of the fairly weak residency
22 requirements they had an awful lot of problems and panels
23 four and five, as I gather -- panel four, specifically,
24 in particular, try to come to terms with some of these
25 impacts that were experienced in Alaska and I don't
26 understand how you can recommend or specify methods to
27 get rid of these negative impacts if you don't have an
28 idea in your mind of what a northern resident is.
29 In other words, the definition, it seems to me, has
30 to come before your solution.

Trusty, Hollands,
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Cross-Exam by Reesor
Cross-Exam by Goudge

1
2 A Well, I'd agree with that.

3 THE COMMISSIONER: I think,
4 Mr. Reesor, they're leaving it to you, on behalf of your
5 association to tell me what you think an appropriate
6 definition would be, for me, in turn, to consider the
7 matter and make a recommendation to the government and
8 then for the government to lay it down. I get the
9 impression that these gentlemen really don't want to
10 stick their necks out on that.

11 A That's correct.

12 THE COMMISSIONER: Well, it's
13 correct.

14 MR. REESOR: Okay, thank you
15 very much.

16 CROSS-EXAMINATION BY MR. GOUDGE:

17 Q Mr. Trusty, maybe I
18 could begin with you. You've told us last week about
19 the multiplier that you've been using insofar as the
20 creation of secondary jobs, results from direct and
21 indirect primary employment and can you refresh our
22 minds as to the figure you used for the construction
23 phase in that regard? Was it .2?

24 WITNESS TRUSTY: That's correct.

25 Q And I take it that was
26 taken on a conservative basis with a view to not over-
27 stating secondary jobs that would be created?

28 A It's in the context that
29 where that multiplier effect was used, we were talking
30 about the employment opportunities that would be created.

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 We intentionally selected, arbitrarily selected a low
2 multiplier in order not to overstate the case in terms
3 of how many jobs would be created.

4 Q And the other side of
5 that coin, I suppose is that when you come to your impact
6 analysis you may use a slightly higher multiplier to
7 deal with a slightly overestimated impact that you
8 attempt to mitigate.

9 A That's correct. Not just
10 slightly higher, considerably higher.

11 Q Well, because I'm curious,
12 do you have a number that you can anticipate for us that
13 you'll be using for the construction phase?

14 A I went through this with
15 Mr. Scott the other day. The multiplier approach that
16 was used to estimate the growth that would occur in
17 communities as a result of induced activities was not
18 a simple multiplier in the sense that the .2 was. It
19 -- by comparing the numbers that we derive in terms of
20 induced growth and comparing those to the jobs that are
21 injected into the system that create that induced growth,
22 one can calculate what the multiplier is and I was told
23 by Mr. Scott that his calculation was that it was 2.5.
24 I haven't made the calculation because I didn't think it
25 was particularly relevant.

26 Q I see.

27 A But if Mr. Scott's calcula-
28 tion is right, then 2.5 is considerably in excess of .2.
29
30

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 Q Yes, but you haven't made
2 it and you don't propose to.

3 A No. We will explain how
4 we did it.

5 Q Yes.

6 A We did it a different
7 method and we didn't do it by a method that involved
8 a simple multiplier application.

9 Q Nonetheless, for jobs
10 that are created from that point of view, obviously
11 the multiplier is important and so is the base figure
12 of jobs that will exist in the construction phase, both
13 direct and indirect.

14 A What is important is that
15 one make as accurate an estimate as you can.

16 Q Yes.

17 A Whether you do that using
18 a multiplier or by the method we did or by the method
19 that was used by Stanley and Associates for Inuvik,
20 it doesn't seem to me that that's terribly material.
21 What is material is that you be as accurate as you can
22 and be on the high side in the sense of estimating
23 impacts in the communities.

24 Q Yes and on the low side
25 in the sense of estimating the jobs that will become
26 available -- job opportunities.

27 A Well, you know, to be
28 very practical about it, if Arctic Gas had come along
29 and said, "We're going to create all these jobs" and
30 we've got in there a multiplier of $2\frac{1}{2}$ everybody would

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 have said, "Oh, they're overstating the amount of jobs
2 that'll be created", so we arbitrarily made sure that
3 we didn't put in a great big amount in that context.
4 Then when we commissioned the Van Ginkle study, the
5 objective there was to look at the growth in those
6 communities and the building requirements that would
7 result and therefore we went to a higher multiplier or
8 a higher approach that led to an implicit multiplier
9 that was very much higher.

10 Q In using the multiplier,
11 I see it -- you may perhaps not agree, but I'd invite
12 you to agree. I'd see it as important to have in using
13 your .2 multiplier, I'd see it as important to have
14 as accurate as possible an estimate of the numbers that
15 you say are going to be involved in the construction
16 phase. No doubt about that, because it's that number
17 against which you apply the .2 figure.

18 A No, I make a distinction
19 between constructing the pipeline and constructing the
20 gas plants -- between that activity and the activity
21 associated with the permanent jobs that will be created
22 -- the on-going jobs.

23 Now, that distinction of
24 mine rests on the various policy intentions that we have
25 been stating coming to pass. If they don't come to
26 pass, then you are exactly right. It becomes very
27 important to know how many construction workers are going
28 to be going into those communities. But our position
29 is that we would very much prefer that they'd not go
30 into those communities. If those policies can be

Trusly, Hollander
Williams, Carlson
Cross-Exam by Goudge

1 implemented and brought into being, then it is not
2 very important to be concerned about the multiplier
3 because I think in fact the multiplier then will be
4 very low in relation to the construction work force
5 and what it induces in the Territories.

6 Q Just so I will be clear
7 though, when you say "very low", you are referring to
8 .2?

9 A Yes. Or let me go
10 further. If you kept every last construction worker
11 out of the communities, every one and if you didn't
12 procure anything locally, then it would be zero.

13 Q Yes, but on the assumptions
14 that you propose to operate on, the construction phase
15 yields a multiplier of .2 for secondary job creation?

16 A I think it leads -- yields
17 a low one. .2 was arbitrarily picked. I don't know
18 whether it's .2, .3, .5, .7, 1. I am not sure. I
19 think it's less than .5 personally but I --

20 Q But it may not be as low
21 as .2?

22 A It may not be exactly .2,
23 no.

24 Q Yes.

25 A That's simply a guess.
26 You know, and as I say being arbitrarily conservative
27 for the purposes at that time.

28 Q The reason I am concerned
29 about that obviously is that it's .2 being applied
30 against a very high number -- a number of 4½ thousand in

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Cross-Exam by Goudge

1 a peak season.

2 A As a matter of fact,
3 it wasn't. The .2 if you look at 14.C was not applied
4 to the construction work force at all. It was applied
5 to the total of the indirect category on the grounds
6 that that category is more likely to include people who
7 are resident in the region and therefore they would
8 have a spending impact or an induced effect if you like.
9 So it was not applied at all to the construction work-
10 force.

11 Q Well, do you have a
12 multiplier that you would apply to the construction
13 work-force or are you saying that the multiplier there
14 will be zero?

15 A Well, this is --

16 Q If your assumptions come
17 to pass?

18 A It's a statistical game
19 because if you recall the chart that I showed that has
20 that peak, --

21 Q Yes. All right.

22 A -- and that chart is --
23 for each year, the total man-years is made up of the
24 total of direct and indirect. O.K.? In fact, it works
25 out such that you can consider the peak portion, the
26 part above that base level as being all of the construc-
27 tion work-force. I mean you can just assume that it's
28 that and that the part below that line is all of the
29 indirect category.
30

Now, in fact they might be

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 mixed but statistically it doesn't matter. It's the
2 number of man-years that matters, statistically. So
3 in applying the multiplier we chopped off that top
4 part and said, "assume that that's all the construction
5 guys and the part below the line is all the indirect
6 people we'll apply the multiplier to them."

7
8 Now, it's simply a question
9 of deciding how many man-years you apply the multiplier
10 to. As I say, it's --

11 Q It may be a statistical
12 game but the way you played it, you applied a
13 multiplier of zero to the top part of your curve which
14 could be represented as the construction force.

15 A That's right and we applied
16 the multiplier .2 to the bottom part. Now you could
17 say that, you know, of those man-years we applied the
18 multiplier .2 to actually 50% of those guys are con-
19 struction workers. Well that doesn't matter because it
20 yields exactly the same result whether you do that or
21 not.

22 Q I understand that. I
23 understand that. I am now clear on how you did it.
24 In any event, I have one or two small questions Mr.
25 Williams of you as to the table you supplied us for your
26 construction spreads given that I've expressed my
27 concern about applying the multiplier to the construction
28 force and therefore wanting to know the numbers
29 involved. To begin with, the spreads that you recite
30 in tables five and six at pages eight and nine of your
-- sorry, tables four and five at pages seven and eight

Trusty, Hollands
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Cross-Exam by Goudge

1 of your evidence. They appear to me to list no
2 security function which my information leads me to
3 believe was a large employer or a large manpower
4 component of the spreads in Alaska.

5 Is there a security function
6 to be performed at these spreads and, if so, how many
7 men and are they listed in your schedule?

8 WITNESS WILLIAMS: The
9 security function is not listed in the table, Mr. Goudge.
10 I would consider it in the -- on the graph they would
11 be included in the top gap there in that that's designated
12 as field personnel for environmental construction mana-
13 ger and owner.

14 They would be in that category
15 but I don't have a number.

16 Q You would intend I take
17 it to contract that service -- the security service --
18 for your various camps?

19 A Yes.

20 Q Do you have any estimate
21 of the numbers of the people that would be involved
22 in security work on a given spread?

23 A No, I don't.

24 Q Could you get that for
25 us with any ease? The reason I am concerned is that in
26 Alaska we're advised, it was a large and growing
27 component.

28 A I can try Mr. Goudge.

29 Q I'd be obliged. I take it
30

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Williams, Carlson
Cross-Exam by Goudge

1 as well that you have not included any inspection
2 function in your spread lists on pages seven and eight
3 and they too would appear in the top portion of the
4 graph?

5 A Yes sir.

6 Q Yes. Again, because
7 of my information from Alaska, would you have any
8 estimate of how many people per spread would be involved
9 in that activity?

10 A Yes, we do. I'm just
11 wondering if we didn't include that somewhere in a
12 response to the pipeline application group questions.

13 Q I'm not aware of it sir
14 if you did.

15 A Or possibly a response
16 to an Energy Board deficiency.

17 Q I'd be grateful if you
18 could refresh your memory and supply those two figures
19 to us, the one concerning security forces and the one
20 concerning inspection forces with any given spread.

21 Now, Mr. Trusty, in your
22 evidence, you referred to two other aspects of primary
23 direct and indirect employment that were assumed out
24 of your calculations. Mr. Bayly dealt with you about
25 them yesterday. At page three, the post-construction
26 clean-up and you told him I think that that would perhaps
27 be contracted out but I don't think you were asked for
28 or perhaps you didn't give an estimate as to the numbers
29 involved?

30 WITNESS TRUSTY: I wasn't asked

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1 nor did I give it. I don't think we really have a fix
2 on the numbers that would be involved. I don't know
3 if one of the other panel members --

4 Q You've identified it as
5 a significant amount. Does that lend itself to
6 quantification in terms of man-years.

7 A Let me turn to Mr.
8 Williams on this and see if --

9 Q It's at page three
10 Mr. Williams in Mr. Trusty's evidence.

11 WITNESS WILLIAMS: Are you
12 referring to the first full paragraph, Mr. Goudge?

13 Q Yes sir, where you have
14 assumed out of -- Mr. Trusty has assumed out of his
15 totals, the employment associated with the significant
16 amount of post-construction clean-up and restoration
17 that is anticipated. I'm simply interested to know
18 whether you have any quantification of the direct or
19 if you would classify that as indirect employment that
20 that yields?

21 A I think when we discussed
22 this yesterday, maybe I got the panel off to a bad
23 start. I talked about the substantial restoration work
24 that would be required in the first couple of years
25 following construction. But then other members of the
26 panel went on to say that this half a million dollars
27 didn't really include that. It was other work.

28 Q I understand that. I
29 understand that.

30 A Now your question is --

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1 Q My question is do you
2 have an estimate of the number of man-years that are
3 involved in this post-construction clean-up and
4 restoration that you refer to?
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1 A I think so, Mr. Goudge.

2 Of course, it's very difficult to estimate because it's
3 a function of how much subsidence, or drainage and
4 erosion control measures require additional work. I
5 think we do but I certainly don't have it with me.

6 Q Perhaps if you could get
7 it and give us a range, the reason I pursue it is that
8 you have categorized it as a significant amount, and
9 it would -- the way I've been doing it -- be an addition
10 to the figure against which I might propose to apply any
11 multiplier. So I'd be grateful if you could provide
12 us with perhaps a range that might be involved for
13 post-construction cleanup, man-years. Could you do
14 that?

15 MR. STEEVES: Well, it's
16 really impossible. What's the point in getting figures
17 that are not meaningful?

18 MR. GOUDGE: I thought he said
19 he had it.

20 Q If you don't have it, Mr.
21 Williams, and you can't get it, I can't ask for it
22 obviously; but if you do have it I'd be grateful.

23 A I just wanted a clari-
24 fication, Mr. Goudge. Are we talking about this
25 work 1 and 2 years following construction?

26 Q I'm talking about the
27 work that you refer to on page 3 of Mr. Trusty's
28 evidence. I simply take from that that there is
29 additional direct or indirect employment that has not
30 appeared in your totals, and it's classified there by

1 you as a significant amount, and I simply would like
2 to have some estimate of the numbers involved because
3 if I apply the multiplier against the total, as I
4 calculate it, it may be a little different.

5 A I think we can give you
6 a number for that. As I say, it is a very rough esti-
7 mate and --

8 Q You've outlined how
9 much slumping there is and so on, that's why I put
10 it in terms of a range; but if you have a range I'd be
11 grateful for it.

12 A It's the first sentence
13 we're talking about, during the first five years of
14 pipeline operations?

15 Q Yes. The significant
16 amount that you refer to in that first sentence.
17 Now, you say in addition in connection with that work
18 that you anticipate it will be contracted to outside
19 firms and one concern that appears to me is your policy
20 concerning in-migrants to fill the jobs offered by
21 the contractors given the work, and perhaps Mr.
22 Trusty, since you've dealt with in-migration, I could
23 address the question to you. The company policy, as
24 I understand it, is to discourage in-migration in that
25 kind of context. Is that so?

26 WITNESS TRUSTY: Right.

27 Q And the method of doing
28 that, I assume, will be in the contract that's let
29 to the cleanup contractor.

30 A Well, you're getting to

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1 a level of specificity that I don't think we contemplated
2 in what we've said so far. The method primarily that
3 we see of limiting in-migration is by having hiring
4 halls located outside the region, and not accepting
5 firm employment from anyone who applies for a job
6 in the construction phase north of the 60th Parallel
7 who is not a resident as defined by whatever definition
8 turns out to be the appropriate one.

9 When you come to something
10 like this post-construction cleanup, if that was
11 contracted to a local firm or local firms in various
12 parts of the area that the pipeline traverses, and those
13 people did not have sufficient employees available
14 to them to do the job and therefore hired outside, we
15 would not be able to -- we would not contemplate that
16 falling within our, the scope of the kind of policies
17 we've talked about. It does, however, fall in a general
18 sense in the estimates of migration or potential
19 migration that I'll be presenting in Panel 5. But
20 when you go -- you know, if you're talking about,
21 let's say you're talking about 100 jobs, none of these
22 numbers are that accurate in terms of induced effects,
23 to say, "Yes, this hundred is captured and that hundred
24 isn't." They simply are not that accurate and I submit
25 to you that no one can make them that accurate.

26 Q Your corporate policy,
27 against in-migration is applied to the pipeline
28 construction, though, rather than this type of contract.

29 A Yes, in the sense that
30 this is a post-construction activity.

Trusty, Williams, Hollands, Carlson
Cross-Exam by Goudge

1 Now, again though I
2 should add that it may very well be that some of this
3 cleanup activity will take place with the last crews
4 -- we'll be using some of the last crews before they
5 leave the region. I don't know, and I don't think Mr.
6 Williams probably knows at this stage either, do you?

7 WITNESS WILLIAMS: No, I
8 wouldn't expect that, though, Mr. Trusty. I think the
9 crew has to move on, generally in the first two years
10 of construction anyway this is a possibility. It's in
11 the last year of construction that the equipment
12 anyway might still be at the site, might be used for
13 some of that work. But again, the operation and main-
14 tence crew, I think, is shown to be brought on fairly
15 early and I would see some of this restoration work
16 at least being done under their direction, even in
17 those early years.

18 But certainly the number of
19 people and the number and the amount of equipment
20 required for this type of work is going to vary substan-
21 tially along the pipeline, depending on the problems
22 that develop.

23 Q Nonetheless, Mr. Williams,
24 I take it you'd agree that insofar as this work is
25 contracted to outside firms and not done by your last
26 construction crew or your first O and M crew, it's
27 a hole in your policy concerning in-migration because
28 that policy will not apply in that case.

29 WITNESS TRUSTY:

30 A No sir, I wouldn't use
the word "a hole in the policy". If that's contracted

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1 to a local firm and if the local firm can't secure
2 sufficient employees locally to fill the jobs that they
3 have available, that becomes something quite apart from
4 something that Arctic Gas could have a policy about.
5 It goes outside the scope of Arctic Gas, as, if you
6 like, a policy-maker or a policy-recommender. It's
7 really no different in that context than a local
8 firm being hired to build a building and having to
9 bring in some people from outside in order to do that
10 work. There is no way that Arctic Gas can put into
11 place a policy or a mechanism to prevent a local firm
12 from doing that.

13 Q Then the other --

14 THE COMMISSIONER: Counsel is
15 often putting questions to
16 representatives of Arctic Gas, as if Arctic Gas were
17 a kind of private government, and rhetorical juristics
18 aside, they are not. They are a company seeking a
19 right-of-way and they're bound by whatever laws and
20 regulations are laid down by the Government of Canada
21 and the territorial administration, and in many respects,
22 as I said yesterday, these witnesses are being asked
23 to make declarations of policy that they're ill-equipped
24 to make and in respect to which Arctic Gas has no legal
25 monopoly on the matter. So that all we wind up getting
26 off them -- I don't mean in respect to this particular
27 matter, Mr. Goudge, but often what we wind up getting
28 is the views of these four gentlemen on these questions
29 and while their views ^{are} of some interest, we could stop
30 people on the streets of Yellowknife and get equally

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1 profound, in some instances.

2 MR. GOUDGE: The only reason
3 I raised it, sir, is that Mr. Hollands was here and
4 has made it clear all along, as he does on page 2, that
5 with respect at least to pipeline construction, has a
6 client, Arctic Gas, that can clearly impose conditions
7 on their contractors with respect to employment,
8 training, counselling, and working conditions during
9 construction, and I take it from the answers that I've
10 just got that they propose to do that with their con-
11 tractors who are building, but not with the people
12 that I've been discussing.

13 THE COMMISSIONER: Well, that
14 may be so. Those legal relationships which might be
15 used to ensure that certain policies are brought into
16 effect are in a sense secondary in this instance
17 because the Government of Canada has made it clear
18 that this is a project with respect to which there
19 will be provisions laid down by Ottawa, and the
20 pipeline guidelines were laid before Parliament for
21 that very purpose, and it seems to me that if we can
22 work out the policies that ought to apply to this
23 project, then we can address ourselves succinctly to
24 the ways in which those policies are to be enforced,
25 whether by Statute, by regulation, or by Arctic Gas
26 itself so far as the legal relationships between
27 itself, its contractors, and its sub-contractors are
28 concerned. But I'm not altogether certain this
29 discussion with these people is getting us very far.

30 MR. GOUDGE: Well, sir, let me

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1 deal with one other aspect of the figures, Mr. Williams,
2 just because I didn't understand it. When you were
3 dealing with your spread figures, and converting them
4 to the figures in your graph, I take it that your
5 spread figures take account of the people who are
6 being moved in and out on what I might call rest and
7 relaxation at any given time. If you take the figure
8 680 for a typical spread south of 65 degrees North
9 Latitude, does that number represent the number who
10 will be on-site at any given time? Or will there
11 be others attached to that spread who are out on
12 rest and relaxation?

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Williams, Carlson
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1 A I think there's several
2 parts to your question, Mr. Goudge. The tables are
3 made to reflect the contractors' total crew requirement
4 over the length of the part of the project that he's
5 doing and I think we've said in the direct testimony
6 preceding these tables that that doesn't mean that all
7 of those people will be in camp at one time. They
8 are broken down into crews and some of the crews come
9 on early and finish early and some come on late and
10 finish late. As an example, the snowroad construction
11 crew are going to start early and finish early. The
12 pipeline testing crew will start late and finish late.
13 Now, these people are included in this group but they
14 won't all be in camp at one time.

15 Now, there was another part
16 to your question.

17 Q I understand that, but
18 at any moment in time, excluding the factor that you've
19 just described, there will be people who are rotating
20 through the camp, going out to rest and relaxation and
21 others returning to take their place doing the bulk of
22 the construction?

23 A No sir, that's not included
24 in our plan. We've talked about a short Christmas break
25 but during construction, that is the only break that
26 we have discussed.

27 Q I see. Now, as those
28 figures are converted to your graph and we see the numbers
29 at the peak periods in construction, it's so, is it not
30 that to take the maximum figure of something over 5000,

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 if you have that in front of you, that represents jobs
2 rather than bodies that pass through the camp?

3 A Yes sir.

4 Q And that in terms of the
5 Alaska context, where -- sorry.

6 A No, I'm sorry, I think
7 I answered your question incorrectly.

8 That represents the estimated
9 number of people that will be in the -- employed on the
10 construction work north of 60. Now there are more jobs
11 than that, that is if you take the crews that are listed
12 in the table, on the preceeding page, table 8, and just
13 those crews alone and multiply them by the number of
14 crews times the size of the crews shown on the table,
15 then you will come up with more people than what is
16 reflected on the graph.

17 So, the graph reflects the
18 number of people that will be north of 60 at any particular
19 time and you can't get it from just multiplying the
20 number of crews times the size of the crew, you won't
21 come up with the same number because there is overlap.

22 Q Let me take it then that
23 the number there represents the number of people that
24 will be north of 60 at any given time, if you take the
25 figure of slightly over 5000 for the peak winter, it's
26 so, is it not, that that represents a 5000 person comple-
27 ment over that peak season and that it may be that that
28 5000 person complement is filled by a great many more
29 than 5000 different individuals if there are short work
30 spans of less than the length of the peak season?

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 A Yes. I think the answer
2 is "yes."

3 Q the reason I asked that
4 is that my information is that in Alaska the average
5 job tenure length was something like 30 days and to fill
6 a job for 60 days with that kind of average, you need
7 two people.

8 A Yes.

9 Q And on that theory, filling
10 the 5000 plus positions that you show in your peak
11 season might very well be done with well more than 5000
12 people, if job tenures were as short as they've proven
13 to be in Alaska.

14 A Certainly.

15 WITNESS TRUSTY: Excuse me,
16 Mr. Goudge, are you talking about, sort of turn-over
17 of employees, is that in the concept of what you call
18 the job tenure?

19 Q Yes sir.

20 A Okay.

21 Q In that con-- I'm sorry,
22 Mr. Hollands?

23 WITNESS HOLLANDS: I could in-
24 volve repeats.

25 Q It could involve repeats,
26 it could involve new people entirely, but the principle
27 is sound.

28 Now, Mr. Williams, you as well
29 dealt with a classification of the jobs you recite in
30 your various spreads and I'd like to refer you, Mr. Hollands

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Williams, Carlson
Cross-Exam by Goudge

1 to that set of classifications. You refer, Mr. Hollands,
2 at page 6 of your evidence to special measures available
3 to improve entry for northerners into classifications
4 and I take it you see those special measures as being
5 available to perhaps all but Mr. Williams' class one,
6 those special measures of reducing qualifications and
7 special training could be used for jobs that have been
8 categorized in class two, class three or class four by
9 Mr. Williams?

10
11 A I would certainly agree
12 that it would likely exclude class one. It probably is
13 more difficult with class two and probably applicable
14 for three and four.

15 Q I take it dealing with
16 classes two, three and four there would be some jobs in
17 class two to which your schemes of lowering qualifications
18 and special training could not be applied?

19 A This is probably true
20 in some trades I think, yes.

21 Q And I take it -- have you
22 turned your attention to the job categories used by Mr.
23 Williams with that in mind?

24 A Not in that sense. We've
25 stated that here, more in the sense of a policy because
26 I think you could assume that there will be some indiv-
27 iduals who may come very close to responding even to the
28 second class category and they should certainly be
29 given the same consideration. So, we looked at the
30 matter of preference in a broad sense is what I'd have
to say.

Trinity, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1
2 Q Now, one of the key
3 devices that you've relied on is training and specifically
4 on-the-job training as a method of advancement.

5 A There's no doubt about that.

6 Mr. Williams, dealing with you
7 just preliminarily on that, you say in your classifica-
8 tion evidence on page three that 10 percent of skill
9 class two will not require extensive industry experience.
10 Do you follow that?

11 WITNESS WILLIAMS: Yes, I
12 just want to clarify that, Mr. Goudge, these are again
13 this zero ten and one hundred percent are Government
14 of Canada numbers, not my numbers, but -- and I haven't
15 analyzed it that closely but I don't think I would
16 disagree with it, but would just like to make that
17 clarification. That is one of theirs also, in addition
18 to the definition of the various classes. They are
19 not mine.

20 Q Is it your understanding
21 then that 90 percent of class two requires prior industry
22 experience of a relatively extensive kind? Is that
23 the other side of that coin? I assume it is.

24 A Yes, I wouldn't disagree
25 with that.

26 Q And so the on-the-job
27 training that I'm about to speak of, really only applies
28 to 10 percent of the jobs in class two? Is that a
29 fair conclusion?

30 A I think it is, yes. I

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Williams, Carlson
Cross-Exam by Goudge

1 would think that's generally correct, Mr. Goudge, but
2 over a three year construction period perhaps more than
3 that could achieve qualifications in class three, but --

4 Q That's the rough estimate
5 in the beginning?

6 A I beg your pardon?

7 Q That's a rough estimate
8 to be used in the beginning?

9 A Yes, I think that's reasonable.

10 Q Yes. Now, --

11 MR. STEEVES: Excuse me,
12 Mr. Goudge, Mr. Commissioner, I note it's 12:30. I
13 wonder if the panel could have a break now?

14 THE COMMISSIONER: Yes.
15 I'm content, sir.

16 MR. GOUDGE: / I would be another
17 half-hour I would think.

18 MR. STEEVES: Oh, let's go then.
19 Let's keep going.

20 MR. GOUDGE: I might be a little
21 more.

22 THE COMMISSIONER: Well, let's
23 take our lunch break and hope that Mr. Goudge can shorten
24 it up, given some time to do so, and we'll try to complete
25 your evidence in half an hour and then we will hear the
26 evidence in chief of the next panel, right after that.
27 So, you'll get that plane apparently.

28 A Thank you sir.

29 (PROCEEDINGS ADJOURNED UNTIL 2:00 P.M.)
30

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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. GOUDGE: Just before lunch I had got on to the subject of on-the-job training and I would like to continue that for a moment if I may.

MR. STEEVES: Excuse me, Mr. Goudge. There is one matter that has been left over from yesterday. Mr. Commissioner, Mrs. MacQuarrie made reference yesterday to an agreement. I think she meant a collective agreement. From what she said, many of us inferred that it was some agreement restricted in this application to the Northwest Territories and we have obtained, through the courtesy of Mrs. MacQuarrie a copy of the agreement and Mr. Williams has it. Perhaps he could identify it for you and for the Inquiry.

WITNESS WILLIAMS: The copy that we have here is entitled "A Labor Manual , Pipeline Contractors Association of Canada and it contains the standard pipeline agreements with the four pipeline trades; the welders, operators, laborers and teamsters. When Mrs. MacQuarrie asked the question yesterday, we didn't know that she was referring to this particular manual and of course we are familiar with it, Mr. Commissioner.

THE COMMISSIONER: Fine.

A It does impart --

Q Does it purport to apply to the Northwest Territories and the Yukon?

A Yes, it does. The Northwest and Yukon Territories -- The Northwest and

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1 Yukon Territories are generally handled either with
2 British Columbia or Alberta and it varies between crafts
3 -- they are not all identical with respect to the
4 Yukon and Northwest Territories. Some are combined
5 with Alberta and some are combined with B.C.

6 THE COMMISSIONER: Right. Well
7 I think that collective agreement should be marked as
8 an exhibit so that it is on the record.

9 A I am not even certain
10 that "collective" is the proper termination for it
11 Mr. Commissioner. It is a separate agreement with each
12 one of the four crafts -- craft unions.

13
14 MR. GOUDGE: As I understand
15 it, these are the four collective agreements that
16 apply to the pipeline building industry in Canada?

17 A Yes sir, with the possible
18 exception Mr. Goudge, that I am not sure that it is
19 properly termed "collective". It is a separate agreement
20 with each one of the four craft unions and the Pipeline
21 Contractors Association.

22 Q Yes, the Pipeline
23 Contractors Association acts as an employer association
24 bargaining for the pipeline companies, what you call the
25 execution contractors. They make a separate agreement
26 with each of the four trades. Mr. Hollands?

27 A The contractors that are
28 members of the Pipeline Contractors Association make
29 separate agreements with each trade. Yes.

30 Q Yes. Now, I had some

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Williams, Carlson
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1 questions to ask you about that and I perhaps should
2 raise them now.

3 A I am not quite as familiar
4 with it as we used to be when we were in pipeline
5 construction. As engineers, we are not members of the
6 Association, but I have been familiar with it over a
7 number of years, but not intimately Mr. Goudge.

8 Q Yes. Mr. Hollands, perhaps
9 I could address the questions to you. Is it your
10 anticipation that the building of your project will
11 come to be dealt with under this master agreement or
12 will there be a separate collective agreement or four
13 of them for your project?

14 WITNESS HOLLANDS: There
15 hasn't been a decision made about that as yet Mr.
16 Goudge.

17 Q Do you have a preference?

18 A Not personally.

19 Q Do you have a preference
20 as to whether the agreement on the management side
21 is with the execution contractors either individually
22 or represented by the Contractors Association or whether
23 CAGSL is the employer named in the collective agreement?

24 A The only answer I can give
25 to your question is that we have addressed this among
26 ourselves in a philosophical way and we have drawn
27 no conclusion as yet as to which approach Canadian
28 Arctic Gas should take.

29 Q Have you formed any
30 intention as to whether whoever is named as the employer

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Williams, Carlson
Cross-Exam by Goudge

1 CAGSL will participate in the collective bargaining
2 directly?

3 A No.

4 Q I take it that conclusion
5 will have substantial effects on a variety of things
6 including perhaps the contracts you had with your
7 execution contractors? Would you agree with that?

8 A I'm sorry, I don't
9 quite understand your question.

10 Q Well let me put this
11 example to you. If the collective agreement is between
12 CAGSL as employer and the individual unions, you may
13 well be forced into cost plus contracts with your
14 execution contractors.

15 A If that were the case.
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Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 Q Do you agree with that?

2 A If that were the case,
3 yes.

4 Q Whereas if the employer
5 in the collective agreement is the execution contractor
6 you wouldn't necessarily be tied to cost plus contracts
7 with your execution contractor.

8 A In my opinion, not
9 necessarily.

10 Q Do you have any time
11 frame for the developm ent of your position on that
12 issue?

13 A No.

14 Q Now, what about the other
15 trades that may be involved in corollary matters relat-
16 ing to your construction operation, and there are
17 more than just the four in the collective agreement
18 that I have here? Do you anticipate that they as well
19 will have collective agreements? I take it you do.

20 A That they will have
21 collective agreements --

22 Q Yes.

23 A -- in a manner similar
24 to the --

25 Q Yes.

26 A Yes.

27 Q Have you examined the
28 setup that occurred in Alaska in the building of the
29 Alyeska line in this connection?

30 A In a cursory way, yes.

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 Q And I take it you'd
2 agree with me that there was there a single project
3 collective agreement.

4 A Yes.

5 Q And that agreement took
6 in not simply the pipeline trades, if I can put it
7 that way, the four unions --

8 A I understand.

9 Q -- but all other trades
10 as well.

11 A Yes.

12 Q What are your views as
13 to the efficacy of that arrangement?

14 A The indications are, and
15 I'm expressing a personal opinion based on contact with
16 a number of execution contractors and several of the
17 unions, that the project agreement that they had gave
18 them some difficulty in its initial stages and perhaps
19 as contractors (and I can't speak as freely for the
20 unions) they may, if they had it to do over again,
21 might modify that. In other words, the conclusions I
22 reached from discussions was that such an agreement
23 in the collective opinion of these individuals was
24 neither all bad nor all good, and I don't know whether
25 it assists the process that you're pursuing here, but
26 we have discussed with several of these execution
27 contractors the desirability and their willingness to
28 sit with Arctic Gas, assuming we were in a position to
29 move forward to construction, and negotiation, that
30 we could benefit from their opinion about the effectiveness

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Cross-Exam by Goudge

1 of the Alyeska project agreement, and the people with
2 whom we've spoken have expressed a willingness to do
3 so. I think we should learn a great deal from that.

4 Q Have you formed any
5 opinions yourself to date on the strength of the
6 project form of collective agreement?

7 A No, I have not.

8 Q Mr. Hollands, just before
9 lunch, I was canvassing the matter of on-the-job
10 training and you indicated frankly, I think, that you
11 looked to that as a fairly important mechanism in
12 your overall approach. Let me ask you this. Taking
13 the construction phase of your operation, a certain
14 amount of the on-the-job training would be going on
15 on each spread at any point in time. Do I understand
16 it correctly?

17 A I would
18 anticipate that to be so.

19 Q Now, from the point of
20 view of the efficiency of the spread, have you formed
21 any opinion as to the maximum numbers or percentages
22 of people on the spread who could be engaged at any
23 time in on-the-job training?

24 A No. In fairness, I
25 perhaps should add to that while we haven't established
26 any of the numbers that we would be able to train, it's
27 equally true that we wouldn't know the numbers that
28 we might be required to train because we really have
29 no expressed interest or -- sorry, expressed interest
30

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 on the part of northern residents who may wish to in-
2 volve themselves in not only employment but training.
3 At the same time, I think if one assesses the trades --
4 and this is an opinion -- that it's probably very diffi-
5 cult to accomplish much on-the-job training in the
6 mainline pipeline operation as opposed to trades train-
7 ing in the building trades, in the construction of
8 something like stations where the periods are probably
9 going to be longer for one thing, and some of those
10 trades will lend themselves more readily to apprentice-
11 ship training.

12 Q So I take it, entirely
13 apart from the numbers you may have asking to be
14 trained on the job, dealing with it only from the point
15 of view of the point at which the efficiency of your
16 operations begin to suffer, you would see that point
17 coming sooner in the construction spread context than
18 in the station-building context.

19 A I would personally, yes,
20 by the nature of the business, yes.

21 Q Now, let me suggest to
22 you that the information we have from Alaska gave us
23 an indication that a 10% figure was a rough rule of
24 thumb at which point the efficiency of the construction
25 operation began to suffer through on-the-job training.

26 THE COMMISSIONER: What
27 percentage?

28 MR. GOUDGE: A 10% figure,
29 sir.

30 Q Mr. Williams, do you
have any reaction to that?

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 WITNESS WILLIAMS: Well, Mr.
2 Goudge, it seems to me that it would depend on the form
3 that the training programme took. Just, for instance,
4 having people working on the job and working their way
5 up the ladder in terms of skill classifications is one
6 form of job training wherein there would be very little
7 reduction in productivity.

8 Now, if you set a group out,
9 a group in the spread, but set them apart and say, "Well,
10 we are going to train you on this job and we are going
11 to provide instructors and we are going to take the
12 time to have you get your training on the job", well
13 then very quickly this would cut into productivity, but
14 it seems to me, if you go along the natural process of
15 putting people in where they're best suited and have
16 them gain experience on the job and move up the ladder
17 as they qualify, that this, over a three year period
18 would have you end up with some fairly skilled people
19 who started pretty low on the ladder.

20 Q Would you disagree with
21 the 10 percent figure?

22 A On what basis, Mr. Goudge,
23 of the two examples that I gave to you?

24 MR. STEEVES: We should know
25 what system was enforced on Alyeska before the witness
26 is asked to deal with it in a sentence.

27 MR. GOUDGE: The 10 percent
28 figure that I speak of Mr. Williams, comes to us as an
29 expert opinion in the context of a pipeline spread where
30 supervision is being provided by bottom level management

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Williams, Carlson
Cross-Exam by Goudge

1 and journeymen and the 10 percent figure is a rough
2 rule of thumb given to us as a figure beyond which
3 the efficiency of the spread begins to deteriorate.

4 THE COMMISSIONER: About all
5 we can do is ask you, Mr. Williams, to comment on
6 that information that Mr. Goudge has passed on.

7 A Well, if
8 10 percent of the crew were square pegs in round holes,
9 well, I would say that you have a problem, yes. That
10 is if you were trying to have them work at jobs for
11 which they were not skilled, it would be a drag on
12 productivity and it may be at numbers less than 10 per-
13 cent.

14 MR. GOUDGE:

Q Yes.

15 A But on Alyeska, for instance,
16 they had a teamsters truck driving school, I think at
17 Big Delta. Now, are those people included in the 10
18 percent? Do they go out on the job before they are
19 fully qualified? I'm sorry Mr. Goudge, I'm not being
20 of much help because I'm not sure where this 10 percent
21 figure was derived.

22 Q Well, let me move on to
23 another aspect of on the job training and ask you, Mr.
24 Hollands, if the company has given any thought to the
25 tying together of an on-the-job training programme with
26 formal apprenticeship programmes or formal apprentice-
27 ship certification institutions offered by a certifying
28 body such as the government. Have you given any thought
29 to that?

30 WITNESS HOLLANDS: Thought to

Trusty, Hollands,
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1 the extent that we've expressed it in this testimony
2 that we, being repetitive, but we felt that at this
3 stage we could establish for Canadian Arctic Gas what
4 its philosophy, particularly, should be with respect
5 to these matters and some of the policies that we were
6 prepared to implement and for the most part, we haven't
7 carried any of these things any further than that at
8 this time because they seem to blend themselves to
9 the -- if you will, the bargaining process, whether it
10 be with the contractors, the unions, or in the case where
11 the governments can offer the training, and as we know
12 there's substantial of that here, and we've stopped at
13 that point. It was our intention to express to this
14 hearing that this is the philosophy of Arctic Gas and
15 it's the manner in which it would tend to operate.

16 Q And the operation that
17 you propose to carry out, obviously you see being one
18 that you can do within that context.

19 A Roughly, yes.

20 Q Now, there is another sort
21 of training that I'm informed was carried out to a very
22 real degree in Alaska, other than on the job training
23 and it's the kind of thing that Mr. Williams was speaking
24 of, which I would characterize as institutional training.
25 Do you see your company becoming involved in that kind
26 of operation?

27 (LABOUR MANUAL, PIPELINE CONTRACTORS ASSOCIATION
28 OF CANADA MARKED EXHIBIT 658)
29
30

Trusty, Hollands
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1 A In construction Mr. Goudge,
2 particularly?

3 Q Yes sir.

4 A Yes, I would see us
5 in a, cooperatively with the other parties interested
6 that is, the contractors, the unions and the Territorial
7 Government who have as we know it, AVTC at Fort Smith,
8 the facilities for this kind of training. Where it
9 was offered, we would certainly be prepared to partici-
10 pate in it.

11 Q In your view, would that
12 work best if it first was cooperative. I take it that
13 that's your view?

14 A Yes, it is.

15 Q I take it it's optimal
16 working would include a certain amount of funding from
17 CAGSL?

18 A I'm sorry Mr. Goudge. I
19 missed the first part.

20 Q Is the optimal working of
21 that kind of scheme would include a certain amount
22 of funding from the contractor. Would you agree with
23 that?

24 A If they were employees,
25 yes, I would.

26 Q For the scheme to work
27 best, what is your view as to the providing of instructors?
28 Whose job ^{who} would provide the instructors for that kind
29 of program?

30 A I think it much depends on

Trusty, Hollands
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1 the trades. I believe in some instances, the unions
2 conduct this training on a formalized basis. Certainly
3 the Territorial Governments are equipped to train in
4 some trades under the understanding of the individual
5 returning to union employment or for a contractor.

6 Q In Alaska for example,
7 there were some institutionalized training programs that
8 were run entirely by the unions. Is that not so?

9 A Right. That's my
10 understanding as well.

11 Q What's your view as to
12 the efficiency of that kind of operation?

13 A I do not have an opinion
14 as to its efficiency.

15 Q Well, is that preferable
16 to a co-operative program run by contractorstogether
17 with -- in terms of efficiency?

18 A I am not qualified to
19 answer that.

20 Q Now finally let me put
21 one other form of training to you and ask you if have
22 considered it and if you have what you think of it.
23 ^{call} What I might "on site" training, let me propose that
24 there be set up prior to construction and this is
25 training aimed at construction, a construction camp
26 which would provide the environment for the training
27 of workers learning construction skills and ask you if
28 that kind of training scheme has been considered by the
29 company. If it has, what conclusions you have come to?

30 A Well, the answer I'd have

Trusty, Hollands
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Cross-Fram by Goudge

1 to give you is it has not been considered by the company.

2 Q Is your first blush
3 reaction positive or negative?

4 A I'm not sure that it is
5 either.

6 Q Let me put this to you.
7 It's again our information from Alaska that this kind
8 of scheme is one of great benefit for this reason
9 primarily, that it gets those from the four major trades
10 training together on the site, early on. From that
11 point of view do you see any merit in it?

12 A Well, my difficulty is
13 I can't visualize this camp training situation that you
14 are talking about prior to construction. Perhaps if
15 you could amplify it for me, I might be --

16 Q Simply the setting up of
17 an actual construction type spread with everything that
18 would go into the kind of spread Mr. Williams has
19 described to us.

20 A May I ask, was this done
21 in Alaska?

22 Q It wasn't done in Alaska.

23 A Was?

24 THE COMMISSIONER: It was no.

25 MR. GOUDGE: It was not done
26 in Alaska --

27 A No.

28 Q -- but with hindsight,
29 our information has been that it would have been a very
30 profitable device.

Trusty, Hollands
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Cross-Exam by Goudge

1 A It could well have been.
2 I frankly had just not thought about it but it is
3 certainly worthy of thought. Perhaps Mr. Williams,
4 who is much more acquainted with pipeline construction
5 than I am, can wish to respond to that as well.

6 Q Mr. Williams, do you have
7 any reaction to that?

8 WITNESS WILLIAMS: Well if
9 you are talking about a camp in the north of 60 Mr.
10 Goudge, I would think that it would be desirable that
11 they have something to construct. Now, are you talking
12 about a pipeline spread doing some worthwhile work such
13 as building the 48" pipeline a year ahead of the major
14 construction if pipe was available? Is that the kind
15 of thing that you have in mind? Or an alternative to
16 that would be to move people to the south on a project
17 that was being built I suppose.

18 THE COMMISSIONER: You will
19 see, those are good queries because one of the things
20 that it seems to me this Inquiry has to assess is this.
21 Everyone has good intentions here. If you had 5,000
22 people living in the Mackenzie Valley that wanted to
23 work on the pipeline, we can assume that except for a
24 very small percentage, they would all be virtually
25 untrained. So, is it practical to train them on the job?
26 If you are not going to train them on the job, how can
27 you simulate anything like on-the-job conditions? Do
28 you set up a facsimile of a pipeline spread? How costly
29 is that? Can that be made to function effectively?
30 These are important questions because all these statements

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1 in government policy in the Guidelines -- all the good
2 intentions on the part of Arctic Gas and the native
3 organizations aren't going to mean very much if you
4 really can't train all of these people in a meaningful
5 and effective way without facing either tremendous cost
6 barriers or simply never getting the job done at all.

7 That's the -- it seems to
8 me -- that's the problem we are facing here. I appreciate
9 what you said Mr. Hollands, that until you know how many
10 people in the Northwest Territories want to work on this
11 things, it's a little hard to pin it down.

12 WITNESS HOLLANDS: I think
13 Mr. Commissioner if you are making assessments of
14 and perhaps "guess" is a better word of the number of
15 people who might be available, we know that the numbers
16 in the Territories in the first instance aren't really
17 great. If you look at the utilization in the building
18 trades on the other side of this equation that we're
19 talking about, in which that kind of construction will
20 go on for some five years, it seems reasonable that
21 the more people that could be involved in the building
22 trades in that area as opposed to the mainline of building
23 the pipeline itself --

24 Q Sorry, the building trades
25 in what area?

26 A In the construction of
27 the stations and wharves and that type of thing which
28 has more continuity than the -- and probably a longer
29 time spread than laying pipe, that there are large numbers
30 of jobs there and that in my view it should provide

Trusty, Hollands
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Cross-Exam by Goudge

1 a substantial opportunity for this kind of growth for
2 people in training.

3 Q Yes and it is
4 important that we shouldn't be at cross-purposes with
5 the Alyeska people because there, no doubt their on-
6 the-job training program is designed for a great many
7 people in-migrating from the lower 48 who wanted to
8 learn the pipeline construction business. Here, the
9 whole emphasis would be to provide training for people
10 who don't want to leave the Territories and build
11 pipelines in Saudi Arabia when this one is finished.

12 A Yes.

13 Q Assuming it gets started.
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Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 WITNESS TRUSTY: Sir, the
2 growth that will occur in some of the communities will
3 be an ongoing requirement for the kind of building
4 skills and trades that can be learned, say, in compres-
5 sor stations, and I think that's another reason why
6 it's much more appropriate to the extent that it
7 can be done, that people from the Territories be
8 encouraged to seek those kinds of jobs that have a
9 relevancy to the community requirements and the ongoing
10 opportunities.

11 THE COMMISSIONER: Instead of
12 producing 5,000 pipeline construction workers.

13 A Right.

14 MR. STEEVES: Somebody
15 described those people as lunatics.

16 THE COMMISSIONER: Pardon?

17 MR. STEEVES: Somebody
18 described them as lunatics.

19 THE COMMISSIONER: That went
20 to Alaska?

21 MR. STEEVES: Well, people that
22 move from one area of the world to another in pursuit
23 of their occupations.

24 THE COMMISSIONER: Right. Sorry
25 to interrupt, but I think this is important that we
26 understand what we're talking about here. It's impor-
27 tant that I understand what everybody else is talking
28 about, let's put it that way.

29 MR. GOUDGE: Q Let me move,
30 Mr. Hollands, with you to the Manpower delivery system

Trusty, Williams, Hollands, Carlson
Cross-Exam by Goudge

1 that you've outlined as being your hope to achieve the
2 ends that you've set out, and the guts of it, as I
3 read it, are on page 9 of your first set of evidence.
4 Let me ask you whether, in your view, while I under-
5 stand the matter is under negotiation, let me ask you
6 whether you think it would work best if the employees
7 working the system were employees of CAGSL or employees
8 of government, or does that matter to you?

9 WITNESS HOLLANDS: If the
10 phase that we're working in, the delivery system, were
11 employees of CAGSL?

12 Q Yes sir.

13 A I think even if we
14 wished that it wouldn't be that way because the
15 government feels -- and I guess I share it -- that they
16 have a real role in here, and that as the employer,
17 whether it be a CAGSL or an Arctic Gas representative,
18 or one of its execution contractors, that should
19 satisfy the participation by the employer, and that
20 on a continuing basis, it in my view should be a govern-
21 ment co-ordinated activity.

22 Q I take it that you'd
23 agree, though, that the crucial element or one of the
24 crucial elements in this kind of system concerns the
25 liaison persons that you were talking about yesterday.

26 A Yes.

27 Q And have you given any
28 thought to the way in which communications could best
29 be established between the community-based liaison
30 person and the jobs that appear to be filled? I ask

Trusty, Williams, Hollands, Carlson
Cross-Exam by Goudge

1 you that in the context of the way in which it's done
2 in Alaska, which as I understand it is by telex.

3 A Is like what, sir?

4 Q Is by telex.

5 A Yes.

6 Q Do you agree with that
7 as the best system for producing effective communication?

8 A Telex?

9 Q Yes.

10 A I think it's broader than
11 that. If we had the community liaison person that we're
12 talking about and we had the input from the execution
13 contractors for say any given spread, the involvement
14 of the unions where as I've described before, it's
15 some form of team, I would hope that that recruitment
16 would take place on a face to face basis with those
17 people visiting that community. Now assuming that
18 they've already done this and they were back and
19 they're going to quit, let's say, and the need for a
20 replacement, then by all means that communication
21 should be as fast as possible back to that liaison
22 person, whatever the means.

23 Q And from the point of view
24 once again, the efficiency of the execution contractor,
25 what is the maximum kind of time frame we are talking
26 about between the appearance of a vacancy and the filling
27 of it, using the liaison person as contacts in the
28 community? What can the contractor live with as a
29 maximum time frame before his efficiency begins to
30 die?

Trusty, Williams, Hollands, Carlson
Cross-Exam by Goudge

1 A I would be expressing a
2 very uninformed opinion if I were to comment on that.
3 But I would say if he was filling all required jobs,
4 then the faster he could get the individual, the better.
5 Perhaps Mr. Williams can comment on this.

6 Q Mr. Williams, do you
7 have any views on that? My information is that in Alaska
8 the maximum time frame is 48 hours.

9 A Yes.

10 Q How do you feel about
11 that time frame?

12 A It's all they'll allow.

13 Q Pardon?

14 A That's their allowed time,
15 as I understand it.

16 Q Yes sir.

17 A Yes.

18 WITNESS WILLIAMS: Well, if a
19 crew was short one person, I'm sure they'd get along
20 much longer than that, Mr. Goudge, without being hurt;
21 but if they were short two dozen, then they'd want to
22 get them as quickly as possible, before productivity
23 was going to be affected. So I suppose the Alyeska
24 cut the term down on that basis, that they might be
25 short quite a few people at one time and it was
26 important to fill the vacancies as quickly as possible.
27 That's pretty hard to forecast when people are leaving,
28 except if they're in remote camps of course they're
29 not going to leave until an aircraft is available and
30 maybe that gives you a little more time to fill the

Trusty, Williams, Hollands, Carlson
Cross-Exam by Goudge

1 vacancy.

2 WITNESS HOLLANDS: I could add
3 a note
4 to that, Mr. Goudge, and maybe you people can correct
5 me; but my understanding in Alaska is that if someone
6 were -- had indicated, say through the Alaskan Federation
7 of Natives-- an interest in employment and the A.F. of N.
8 had some understanding of their qualifications, then
9 through the A.F. of N. they'd be contacting that
10 person. If the A.F. of N. didn't get it from the
11 contractor and out within that 48-hour period, my
12 understanding is the individual has to come from --
13 he or she -- from the community to Anchorage, in some
14 cases, or Fairbanks, and then from there to a spread,
15 and I think that one of the distinct advantages, if
16 we can make it work, of this delivery system is that
17 it does not require that kind of physical movement of
18 an applicant. It hopes to move the potential employee
19 from his settlement or his community to the jobsite.
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Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 Q One of the first things
2 that this delivery system would have to do, I take it,
3 would be to evaluate the skills of the people in the
4 communities that would be available for placement.

5 A I'd say yes.

6 Q And has any thought been
7 given by you or the company as to the best way of doing
8 that process?

9 A Not beyond what we have
10 in the sense of longstanding practice in the industry and
11 that is to describe the jobs and the qualifications and
12 so on for these jobs sufficiently well that anyone in
13 a recruiting process or anyone assessing whether they
14 wanted to apply for that job could quite clearly under-
15 stand what the requirements were and I think, assuming
16 we are going to put the system in place and Arctic Gas
17 be a participant in it with the contractors and the other
18 parties, then this could be done quite quickly, in my
19 opinion.

20 Q Are you at all familiar
21 with the process that the Territorial government under-
22 takes, called TERIS, the Territorial Employment
23 Record Information Service?

24 A Yes.

25 Q Is that the kind of informa-
26 tion bank that could be used by your delivery system?

27 A I would say yes.

28 Q Is it sufficient, or do
29 you need more?

30 A I'm not sufficiently

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 familiar with it to know whether we would require more
2 or not, but I think the system under government auspices
3 would be quite acceptable.

4 Q Now, given that the liason
5 person in the community is of such crucial dimensions
6 for the work ability of this process, has any thought
7 been given to a kind of job description for that person
8 or is that something that awaits further negotiation?

9 A I'll give you a qualified
10 guess on that, in that the kind of person that we'd have
11 now as a counsellor or a recruiter in the Nortran
12 programme would be ideally suited to do this job, but
13 we're -- I appreciate, that's why I qualified, as it
14 were. Now, we're talking about construction jobs and
15 I think we'd have to have an educational process for
16 these people before we could do that.

17 Q Now, finally in connection
18 with your delivery system, as I said, and I quite under-
19 stand, this is a matter of negotiation, but it is, as
20 I understand it, the only vehicle you have underway as
21 a mechanism to eliminate the need for hiring halls and
22 provide preferential northern employment, is that so?

23 A Yes.

24 Q Do you have any contingency
25 plan for some other system if agreements can't be reached
26 between the participants to make this delivery system
27 work?

28 A I probably should have
29 commented earlier on -- when you first used the word
30 negotiate or agreement, I think that I don't want to

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 leave any conception that this is a brilliant thought
2 on the part of Arctic Gas and that we're trying to sell
3 it or negotiate it with other people, because I happen
4 to think it is a good system and I'll say to give credit
5 where it's due, I think it's DIAND and the Territorial
6 government who first pursued this proposal, and if it's
7 found to be a very desirable way to go, I can even
8 visualize where if we didn't reach this voluntarily
9 we'd have it imposed on us as a system to follow.

10 Q But I take it, just to
11 be clear, that you've no contingency plan and the system
12 isn't in place at the end of the day.

13 A That's correct.

14 Q Now, dealing with the
15 agreement that's attached to your evidence, the draft
16 agreement. You were asked by Mr. Reesor about the
17 definition of northern residents, and just so I'll be
18 clear, I take it you've no views as to what you think
19 the best definition would be? The most effective
20 definition with a general view to minimizing adverse
21 impact?

22 A I have to answer no to
23 that.

24 Q Now, and as well, so I'll
25 be clear, I take it the agreement is clearly at an early
26 stage in negotiations and is looking forward to a great
27 deal of input from a variety of sources to be fleshed
28 out, there's no doubt about that either?

29 A No.

30 Q The agreement has a just

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 cause provision in it, at the top of page 9 of that
2 section of your evidence and it's the just cause provision
3 that relates only to the construction phase of the opera-
4 tion , not to the operations phase and I wondered if
5 there was any magic in that or whether that was simply
6 a matter of incompleteness?

7 A I'd say it's the latter.

8 THE COMMISSIONER: Well, in
9 the operations phase you're not dealing with the same
10 unions, are you?

11 A No.

12 Q And I think in Alberta
13 you, in many instances are not dealing with any union
14 at all.

15 A That could be the case.
16 Yes. The point never came up, as a matter of fact, in
17 any of our discussions.

18 MR. GOUDGE: Well, just dealing
19 with that point, Mr. Hollands, the unions are not a
20 party to this agreement are they?

21 A To this?

22 Q Yes.

23 A No.

24 Q And I take it there's at
25 no time been any contemplation that there should be a
26 kind of tripartite agreement between government, the
27 owner, and the trade unions?

28 A Perhaps a word in the
29 background, this might be suitable . Arctic Gas was
30 approached by DIAND in the sense of their 1972 expanded

Trusty, Hollands,
Williams, Carlson
Cross-Exam by Goudge

1 guidelines and indicating that they had written some
2 agreements with other employers, I think there were two.
3 One was a mining venture and I've forgotten the other
4 one frankly, and then laterally there's been one with
5 Syncrude, which was an agreement between Syncrude, DIAND
6 and I think the Alberta Federation of Natives or the
7 Indian Affairs, I'm not sure. We were asked to consider
8 some of the things that we might be prepared to do in
9 terms of both the construction and operation on the
10 pipeline and that has lead, at this stage to this draft
11 of the agreement.

12 Now, in the sense of it being
13 a collective agreement, in which it's a tripartite
14 situation, I think we would expect DIAND, if they
15 wanted a similar agreement to negotiate such with unions.
16 Now, I don't know the practicality of that, but I have
17 a hard time visualizing the unions and the employers and
18 DIAND resolving a document like this.

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Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 Q Are you familiar with the
2 Pine Point agreement?

3 A No.

4 Q My advice is that there
5 was an agreement there between the Crown, the company
6 and the unions. It was a tripartite agreement.

7 A Could be, yes.

8 Q In any event, you see
9 no objection to the just cause provision that I pointed
10 out to you binding the company, not just in the con-
11 struction phase, but as well in the operation phase.

12 A If it's determined by
13 DIAND that -- I think there's a difference between
14 a project officer and their conception of when you've
15 got a stable operation with three centres and when
16 you're running a number of spreads; what they are,
17 and I think rightly, are interested in is that
18 they want to have some means of monitoring to ensure
19 that the employer does not treat northern people in
20 an untoward manner, or in an discriminatory way,
21 a negatively discriminatory way, and we found no
22 objection to that, if they wanted to put such a person
23 on a spread. As I said earlier, in terms of operation
24 this just didn't come up. I'm not sure, I'd hope that
25 we as an employer would find that that wasn't necessary.

26 Q Well, I take it in the
27 course of negotiating this agreement, obviously there
28 are a number of prototypes. Are you familiar at all
29 with the Strathcona Sound agreement?

30 A Yes.

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 Q And I think it would be
2 useful if I filed it as an exhibit, a copy of that
3 agreement now, and I'll do that when I finish with
4 M r. Hollands, if I may. There are just one or
5 two matters in it that I would like to ask you for your
6 views on as to whether they would be acceptable to the
7 company, and conditions with which the company could
8 live. There is a clause in the agreement which relates
9 to the provision of language. The company is to provide
10 all working and safety instructions, in that case, in
11 Eskimo Syllabics, as well as the official languages
12 of Canada. That kind of provision is clearly one
13 with which the company could live, if it were to apply
14 to your project, is that so?

15 A Is it clearly one with
16 which the company could live? My personal opinion
17 is "yes".

18 Q Now, the agreement contains
19 percentages, as I'm sure you're aware. Your draft does
20 as well, for the operations phase. Is it your view
21 that the agreement should contain a percentage for the
22 construction phase as well, and that that will have
23 to be negotiated or imposed?

24 A I think first of all we
25 should say that this draft agreement in the operations
26 phase we're discussing, discusses it as a goal, and
27 as an employer I harken back to something said
28 earlier, I think at this point in time we can't state
29 with any degree of certainty the number of individuals
30 that will want to avail themselves of this kind of

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 employment, and we chose to go the other way in terms
2 of the operating phase, which in the sense of stability
3 of employment and importance to local people, if I
4 may use the term, the operations phase offered by far
5 the greatest long-term opportunity for those who
6 want to avail themselves of wage employment. So we
7 have said in there that it's our objective to fill
8 all of these jobs over time with northern residents.
9 I've indicated this as a draft, and the desirability
10 for something in there in the way of a percentage is
11 the desire of DIAND as opposed to Arctic Gas, and
12 we have not agreed to this in the final analysis.

13 Q And I take it you would
14 have the same reluctance to any goal for the construction
15 phase.

16 A Yes.

17 Q Now, related to that let
18 me ask you about that kind of number that's not a goal
19 but a requirement. What's your view about the workability
20 of quotas as provided in agreements such as this?

21 A I personally am opposed
22 to them because I think that it leads to things like
23 filling your quotas by putting people perhaps in the
24 kind of job that you can put them in, and not worrying
25 too much about the educational process, which I think
26 is a distinct advantage of our stated intention and
27 the cornerstone of the Nortran program, which we keep
28 referring to. I don't like the idea of quotas.

29 Q Do you have any comment
30 on that, Mr. Trusty?

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

WITNESS TRUSTY: Yes sir, I do, Mr. Goudge. In my terminology that's exactly what I call an aggressive approach, whether that be a quota in terms of local employment or a quota in terms of procurement, and it seems to me that that's exactly the kind of thing that can lead to the shortage problems and so on that we were discussing the other day, that in a sense it takes away the question of opportunity and choice and starts to impose pressures on the system to make an employer, for example, very aggressively try to take people away from other jobs in order to meet his quota. I think that can lead to the kinds of problems that Mr. Sigler was raising and was concerned about the other day.

Q Now, just one or two --

sorry. Mr. Williams, just one or two tag ends before I finish. Like Mr. Hollingworth, I was interested in the Christmas break that is in your evidence, and again while you talked about that at length in answer to Mr. Hollingworth and the Commissioner this morning, let me bring you back to it from the point of view of days of production over the construction winter. Are we to subtract from the 150-odd days that you talked about some months ago, are we to subtract ten days from that on the basis of a Christmas break?

MR. STEEVES: Sorry, Mr. Commissioner, I didn't object this morning when Mr. Hollingworth got into this, but surely my friend is turning now to the question of productivity. That's the thrust of his question. Are we going to open that

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 subject up at this time?

2 MR. GOUDGE: Well, let me say
3 this, sir --

4 THE COMMISSIONER: Excuse me,
5 Mr. Steeves. It's a point that concerns me. I
6 don't think it's a question of productivity, it's
7 certainly not a Phase 4 question but it goes back to
8 the whole issue, a vital issue, whether you can work
9 throughout the winter in the cold and the dark and
10 so on and so forth, and as I said this morning, Mr.
11 Williams I think left all of us with the impression
12 there would be no shutdown at Christmas.

13 On a schedule carefully
14 developed to fit within the window that opens each
15 winter for construction, he appears to have knocked
16 ten days off that schedule and that's the impression
17 he left me with this morning. Mr. Goudge, I gather,
18 just wants to go into that.

19 Now, that's what I'm interested
20 in. What's your --

21 MR. STEEVES: Can I speak
22 directly to the concern you've expressed a moment ago,
23 and from time to time during this hearing?

24 THE COMMISSIONER: Yes.

25 MR. STEEVES: I've told my
26 friend that we have a panel of gentlemen who are very
27 much involved with construction in the north, and will
28 address your concern directly. I've spoken to my friend
29 about a date when that panel can be presented here
30 before you. It seems to me that that's the time -- and

Trusty, Hollands, Williams, Carlson
Cross-Exam by Goudge

1 incidentally, Mr. Williams is a member of that panel --
2 it seems to me that that's the time to raise this pro-
3 ductivity or effective --

4 THE COMMISSIONER: I see what
5 you mean, productivity in the sense of, can you build
6 everything on time.

7 Well, if Mr. Williams is on
8 that panel and will be coming back refreshed and ready
9 to tackle that question again, does it help to pursue
10 it now? I think we got all the change out of him this
11 morning that we're likely to.

12 Mr. Williams gave me the
13 impression that he was still thinking about that ten
14 days at Christmas.

15 MR. STEEVES: Well, again,
16 we're going to address your concern directly.

17 THE COMMISSIONER: Yes.

18 MR. STEEVES: And forcibly
19 and hopefully removing your concern and satisfying
20 your position. But I don't think we should pick
21 at it.

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 THE COMMISSIONER: No. What
2 I am saying is that it appears to me Mr. Williams hasn't
3 really come to a firm conclusion on the question anyway.
4 I'd just as soon wait until he does.

5 MR. STEEVES: Well he may just
6 have been concerned with why we were going into it this
7 morning. That may be the other explanation.

8 MR. GOUDGE: Well sir, I
9 propose to leave it. But I don't want to leave it
10 without saying this, that we spent many day cross-
11 examining about what I see frankly as a very crucial
12 issue. It's the one you have outlined and if the
13 panel that Mr. Steeves proposes to call is going to
14 address itself to the time frame that they propose,
15 taking into account the Christmas break policy that we
16 now have, then I am quite content to leave it until
17 then.

18 If he tells us he is going
19 to do that, by all means, let's put it over. But it
20 is such an important issue that has got to be canvassed
21 now that I at least understand that there is going to
22 be a Christmas break, when I must say that beforehand
23 I didn't think there was.

24 THE COMMISSIONER: Well Mr.
25 Steeves says he is going to call this panel and we
26 might as well leave it till then.

27 One thing you might also bear
28 in mind Mr. Williams is that you indicated -- I am
29 not asking you to comment now, but just bear it in
30 mind so you can discuss it when you come^{back}-- you also

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 indicated that you were allowing no time for strikes.
2 You envisaged a no strike clause in the collective
3 agreement as I recall. But there was no provision
4 for strikes, legal or illegal called by the union, or
5 wildcats or whatever. Maybe you can look forward to
6 a period of industrial peace on this project if it
7 goes ahead. But, you might think about that.

8 MR. STEEVES: I'm sorry but
9 could I ask you sir what -- I didn't -- the last bit
10 that you said, you said it too quickly.

11 THE COMMISSIONER: All right.
12 When Mr. Williams was here before and there was a very
13 worthwhile discussion on the whole subject, for Mr.
14 Williams to demonstrate how he was going to get the
15 project completed in the window that opens. He discussed
16 many things and competently if I may be permitted to
17 say so. Where he didn't have an answer, he was I think
18 good enough to say so, but allied to the no time
19 off at Christmas was "we're not allowing any time off
20 for strikes or lockouts or labor disputes -- anything
21 that may occur owing to dissatisfaction on the job,
22 whether it is dissatisfaction that comes forward in the
23 form of a strike or something else.

24 Anyway, I am just simply asking
25 him to consider that and say something about it if he
26 wants to next time around.

27 MR. GOUDGE: One of the
28 consequences of that was that Mr. Williams had no time
29 off for six months straight.

30 Mr. Hollands, let me just wind

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 up with a couple of matters in your first portion of
2 evidence.

3
4 You deal with the rotation
5 of northern residents on page 12 of your first piece
6 of evidence. I take it that either you or Mr. Trusty
7 will be dealing with rotation as a general matter later
8 on. Is that so?

9 WITNESS TRUSTY: I will be
10 dealing with rotation, yes. We're talking about the
11 operations phase, aren't we?

12 Q The construction phase.

13 A Yes, I will be dealing
14 with it in the logistics end.

15 Q Yes. Has the company
16 formed any policy on its responsibility for employees
17 newly hired, brought in from the south who terminate
18 shortly after their arrival in the north? Does the
19 company consider its responsibility to be to provide
20 transportation south in such cases?

21 A Yes sir and it sees that
22 its responsibility would be to provide transportation
23 south.

24 Q In terms of the rotational
25 leave southerners as was said this morning are going
26 to be required to take their leave in the south.

27 A I think that statement
28 should be amended slightly Mr. Goudge. They will be
29 required to go south and begin their leave in the south
30 but once they begin their leave, they obviously become

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 free citizens and Arctic Gas and no one else can dictate
2 to them where they go from there. But they will be
3 transported back to a southern center and required
4 to start their leave in the south.

5 I just want to make sure that
6 there is no misunderstanding of that statement that
7 suggests that we would force them to stay in the south
8 if they tried to turn around and come back over the
9 60th parallel. I don't think that's within our --

10 Q I take it the enforcement
11 technique for that would be discipline if leave were
12 taken elsewhere other than in the south?

13 A Well, once on the airplane
14 their choice will be to get off it in the south or
15 else have a very long fall.

16 THE COMMISSIONER: Well that
17 would be adequate discipline.

18 A I think that's adequate.

19 MR. GOUDGE: That's enough.
20 Now, Mr. Hollands, you also address the matter of
21 camps and I take it the corporate policy is that the
22 single status camps are -- that is the status of least
23 impact of an adverse kind. Is that so?

24 WITNESS HOLLANDS: Yes.

25 Q You've studied the
26 Alaskan experience, I take it, in that regard?

27 A Yes.

28 Q What are your conclusions
29 about the status of camps there where women obviously
30 are permitted?

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

1 A In my understanding,
2 is that there are differences in Alaska between contractor
3 spreads in the provision, for example, of accommodation
4 for a man's wife. In some places, they have made
5 provision for this as I understand it and in others
6 they have required that if there is a man and wife on
7 the same spread, they still live single status.

8 While we have said that it is
9 our intention to have single status camps, I think that
10 in fairness we would have to say as we have it,
11 an opportunity to evaluate this further. It may lend
12 itself to the notion that where you do have a married
13 couple that you should provide some kind of accommodation
14 but generally speaking, we wanted the single status.

15 WITNESS TRUSTY: I think there
16 is an important corollary there Mr. Goudge and that
17 is that we're talking in that case of both the husband
18 and wife being employed in the camp.

19 Q Yes.

20 A The real thrust of our
21 term "single status" was that we would actively
22 discourage a worker from bringing his dependents, whether
23 that be his wife or his wife and children or whatever,
24 who are not employed and having them live as it
25 happened in some place in Alaska just outside the camp
26 gate or in a trailer or whatever.

27 So, I think that is the thrust
28 of our use of the term "single status".

29 Q I take it the rationale
30 for it as well.

Trusty, Hollands
Williams, Carlson
Cross-Exam by Goudge

A Yes sir.

MR. GOUDGE: Thank you sir.

Those are all the questions I have of this panel.

THE COMMISSIONER: All right,
any re-examination.

MR. STEEVES: I have no
re-examination sir.

THE COMMISSIONER: Well, thank
you Mr. Hollands, Mr. Williams and Mr. Carlson, and
thank you Mr. Trusty, again. We appreciate your all
giving us the benefit of your experience in this field
and your views. We'll excuse this panel and perhaps
take a break for coffee while the next panel is
assembled and I hope counsel have considered whether
we should sit this evening or tomorrow evening in order
to complete all of the Arctic Gas panel this week.

(WITNESSES ASIDE)

MR. STEEVES: Could I speak
to that question. I'm sorry. I don't know why I
keep getting up. As you said earlier --

THE COMMISSIONER: Perhaps you
saw Judge Morrow come into the back of the room.

MR. STEEVES: I have decided
subject of course to whatever ruling you may make to
combine panels four and five, and that is to put in the
evidence in chief of those witnesses all at once.

THE COMMISSIONER: Fine.

MR. STEEVES: I thought I
should say that so my learned friends will know.

THE COMMISSIONER: Is this

1 panel three?

2 MR. STEEVES: This is panel
3 three.

4 THE COMMISSIONER: Right.

5 MR. GOUDGE: Mr. Trusty is
6 two-thirds of panels four and five.

7 MR. STEEVES: Well, that's
8 overstating the position, I think.

9 THE COMMISSIONER: All right.
10 Well, we'll take a break for a coffee then.

11 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
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Trusty & Hobart
In Chiet

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

WAYNE B. TRUSTY,

CHARLES HOBART, resumed:

THE COMMISSIONER: Right.

MR. STEEVES: Mr. Hobart and

Mr. Trusty have already been sworn and introduced to the Inquiry. They constitute the witnesses on panel four. To assist my learned friends, the first part, meaning Mr. Trusty's evidence is not bound into the grey folder, it's been separately distributed and it is titled at the top, "Policies, Plans and Potential Impacts, Construction Phase". The other part of the panel four evidence is under the grey cover and it's Dr. Hobart's.

DIRECT EXAMINATION BY MR. STEEVES:

Q Mr. Trusty, do you have any corrections or additions to your evidence?

WITNESS TRUSTY: Yes sir, on page six.

Q What is the correction?

A The second paragraph, the third last line in the paragraph currently reads, "The airlines, and the communities to ensure that they provide for all ground crew." The phrase, "they provide for all" should be taken out, so that the sentence would read, "and the communities to ensure that ground crew operations" etc.

Q Okay. While we're attending to corrections, do you have an addition, Dr. Hobart, to your evidence?

WITNESS HOBART: I do. I have a

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1 small correction also.

2 Q Can we have your correction
3 first please?

4 A On page 35, line 7, the
5 last four words on the line, "into the indefinite
6 future should be deleted so that the sentence should
7 read, "Thus the prospect that the pipeline provide for
8 a substantial employment is the most current prospect
9 for salvaging the self-concepts of native people.

10 MR. BAYLY: Mr. Commissioner,
11 am I to understand that that sentence is to be deleted?

12 THE COMMISSIONER: No.

13 A No, the last four words,
14 "into the indefinite future", "Into the indefinite future",
15 delete those four words please.

16 MR. STEEVES: Now do you have
17 another change, and that is the addition?

18 A I have an addition to
19 page two which takes the form of a retyped page two,
20 page two A and page two B, after which it picks up with
21 page three. In addition there are two more additions
22 to the sources cited, which are included in a second
23 substitution for the second --

24 Q And are this latter
25 change all stuck together in one bundle?

26 A They are.

27 Q Would you proceed, Mr.
28 Trusty, with your evidence?

29 (STRATHCONA SOUND AGREEMENT BETWEEN HER MAJESTY
30 THE QUEEN AND MINERAL RESOURCES INTERNATIONAL
LIMITED, 1974, MARKED EXHIBIT 659)

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In Chief

(OTHER CONSTRUCTION PHASE IMPACTS, SUBMITTED
BY W.B. TRUSTY AND DR. C. HOBART MARKED EXHIBIT
66C)

WITNESS TRUSTY: Yes sir.

This panel will focus on the construction phase and will deal with a broad range of policies, plans and potential impacts that are of concern to the Inquiry. In particular we will concentrate on the potential interface between pipeline construction and communities.

In the review of studies, I mentioned that a broad focus from much of the work in the last two years was on ensuring that the pipeline and related activities would not be a burden on communities and that opportunities for the pursuit of alternative lifestyles and development patterns would be preserved. This has involved a continued evaluation of logistics and construction plans, particularly with respect to such factors as the location of facilities in or close to communities, the movement of personnel to and from job sites and the requirement for certain personnel to be resident in communities during construction and the consequent provision of facilities.

In addition, the panel will address such questions as local procurement of goods and services, potential inflationary effects of the project, the effects on the transportation system, the use of health care facilities and the effects on other community services. As well, we will go into such topics as liaison with communities during construction and the general social implications of the work situation

Given the range of material to be covered and the fact that many of the topics are unrelated, we have, of necessity structured the evidence on a topic by topic basis with less concern for the overall flow or continuity than in the case of the other panels. There is, however, one main thread that runs through much of the evidence and that deserves some initial comments before proceeding with the details.

"Those persons who wish to continue to follow the more traditional style of life and means of earning a living must not be precluded from doing so. Their freedom of choice must not be interfered with."

In considering this situation as well as potential impacts of the pipeline construction and operations generally, we need to distinguish between the two basic types of communities in the Mackenzie Valley. On the one hand there are the four communities of Inuvik, Norman Wells, Fort Simpson and Hay River, which account for over 50 percent of the total population in

1 the area that is of immediate interest. i.e., leaving
2 Yellowknife and Fort Smith out of the total. These
3 communities are oriented to development based on a
4 wage economy and have generally expressed the desire
5 to take advantage of the pipeline induced development,
6 provided of course, that there is appropriate planning
7 and that adverse effects are minimized.

8 Further, the majority of the
9 non-native population is concentrated in these communities.
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1 The remaining communities are
2 smaller -- ranging in size from approximately 40 people
3 to about 850 -- and have predominantly native populat-
4 ions. It is primarily in these communities that tradi-
5 tional activities continue to be pursued, with income
6 in kind accounting for a significant proportion of the
7 total income in a community.

8 At an earlier stage of con-
9 struction planning, the principle of not interfering
10 with the ability of people to follow the more tradi-
11 tional style of life translated into policies and plans
12 designed to keep the construction work force out of
13 the smaller communities and the bulk of construction
14 activities located at a reasonable distance from those
15 communities. At the same time, information available
16 to us at that time indicated that the smaller
17 communities would derive some benefits by having certain
18 activities or facilities located relatively close to the
19 communities. In particular, it was felt that there
20 would be employment benefits if some of the more con-
21 tained functions, such as stockpiling, were carried out
22 at sites not too far removed from the communities.
23 Similarly, it was felt that facilities such as wharves
24 or improved airstrips would be of benefit to the smaller
25 communities.

26 In other words, the basic
27 principle was applied in the context of a tradeoff that
28 involved protecting the smaller communities from the
29 main thrust of construction activity and consequent
30 potential impacts, while making accessible the benefits

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In Chief

1 that are associated with construction and the con-
2 struction-related activities.

3 As I noted, our views in this
4 area have been modified over the last two years. The
5 practical consequence of this shift in our views is that
6 changes have been made in the construction plan with
7 respect to the location of certain facilities in order
8 to further insulate the smaller communities from con-
9 struction activities.

10 Following on from these
11 general comments, we will focus on the specifics of the
12 location of facilities and activities as the first main
13 topic.

14 Facility locations relative
15 to communities. Since our concern at this stage is
16 the potential for socio-economic impacts, we will
17 deal specifically with those situations where facilities
18 or construction activities would be located in close
19 proximity to a community.

20 The Inquiry was recently in-
21 formed of certain proposed changes in facility locations
22 that are being made for environmental reasons, or be-
23 cause it is anticipated that the Mackenzie Highway will
24 not be completed north of Wrigley by the time construc-
25 tion begins, or for socio-economic reasons. The changes
26 that are based on either environmental or highway con-
27 siderations do not involve facilities in close proximity
28 to communities and are not included in this evidence.
29 However, we will deal with those changes that have been
30 made more specifically for socio-economic reasons.

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1 These, of course, are the changes that I was referring
2 to in my comments a few minutes ago.

3 One point that should be borne
4 in mind as we go through the discussion of facilities
5 and activities relative to communities is the distinc-
6 tion that I made earlier between the four larger,
7 growth-oriented communities and the smaller predominant-
8 ly native communities. We have not eliminated all
9 activity from the proximity of larger communities, nor
10 do we think that it is desirable to do so. What we
11 have done is to keep activities in those communities
12 at what we believe to be a practical level, bearing
13 in mind that the communities will be experiencing
14 development in any event as a result of secondary
15 effects and pipeline operations.

16 We will deal first with
17 facilities and activities that will be common to several
18 of the communities, and then proceed on a community by
19 community basis to deal with those facilities and acti-
20 vities that are specific to individual communities.

21 Logistics and procurement
22 personnel. It is expected that a small group of
23 approximately ten people will be located within each
24 of the communities of Inuvik, Norman Wells, Fort Simpson
25 and Hay River during pipeline construction. Their
26 functions would include liaison with local officials
27 and businesses, local purchasing, and the co-ordination
28 of transportation.

29 Airport facilities. It is
30 currently planned that the airports near the four

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1 communities would be used for the movement of personnel
2 and materials. The operations will involve the trans-
3 fer from large to smaller aircraft or ground vehicles
4 for onward movement to the jobsites. This type of
5 transfer will be necessary for those personnel and
6 materials moving to sites that will not have a suffici-
7 ently large airstrip to accommodate the larger aircraft.

8 An adequate shelter or waiting
9 room area will be provided to avoid any inconvenience
10 to the public or congestion in the existing terminal
11 facilities. Further, Arctic Gas will co-ordinate its
12 activities with the Ministry of Transport, the airlines,
13 and the communities to ensure that ground crew opera-
14 tions, cargo handling facilities and other airport
15 services are not disrupted.

16 The only other construction
17 phase activity that is common to several of the communi-
18 ties is the construction of the operations facilities
19 that will be required in Inuvik, Norman Wells, and
20 Fort Simpson. Since these will be permanent facilities
21 in each of the communities, their exact nature and
22 location will only be planned after consultation with
23 the communities. Particulars of our plans for the
24 operations phase of the project are detailed in the
25 testimony of Panel 5.

26 It is not expected that the
27 total construction force required for these permanent
28 facilities will be large, and Arctic Gas intends to
29 try and maximize local input so that the non-resident
30 portion of the work force would be even smaller.

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1 Further, if it is deemed advisable, arrangements can
2 be made to house the non-resident component of the
3 work force away from the communities.

4 Pipeline construction facili-
5 ties. The three types of activities and related
6 facilities that have been described constitute the only
7 construction phase activities that are common to several
8 of the communities. Proceeding with community-specific
9 facilities that are more directly related to the con-
10 struction of the pipeline, I will begin with Inuvik.

11 In the vicinity of Inuvik
12 there will be a wharf and a construction camp with
13 stockpile site. It is currently planned that the wharf
14 facility will be located several miles south of the
15 community. The construction camp and stockpile site
16 will be adjacent to the right-of-way in a location
17 that will not require trucks hauling pipe and other
18 materials to pass through the community.

19 The camp will be completely
20 self-contained with respect to services, housing and
21 recreation facilities, and will be operated under the
22 same rules and regulations as any other camp. I should
23 note that we will be going into greater detail with
24 respect to camps generally, including the question of
25 potential interaction with communities.

26 Fort Good Hope. In the
27 originally filed construction plan, a wharf and stock-
28 pile site with a 100-man camp and a pipeline spread
29 camp were located relatively close to the Community of
30 Fort Good Hope. In the first phase of this hearing, Mr.

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Williams noted that if it was deemed advisable, the facility and the spread camp could be relocated to an alternative site farther away from the community.

In addition, the original plan included upgrading or improvement to the local airstrip for the movement of men and certain supplies.

Subsequently, as a result of the evidence presented in the community hearing, and further examination of alternative sites, the construction plan has been altered and the entire wharf-stockpile operation, as well as the spread camp, have been moved. Further, the use of the local airstrip has been eliminated through the addition of airstrip facilities at the site of compressor stations MO-6 and MO-7.

Given the relocation of the wharf-stockpile site and the spread camp, the nearest construction camps or other facilities are at least 20 miles from the Community of Fort Good Hope. Although the proposed right-of-way passes within two miles of the community, it is anticipated that construction will be able to move through the area quickly with activity being confined to the right-of-way.

Norman Wells. As in the case of Fort Good Hope, the recent amendment to the construction plan has eliminated the use of Norman Wells as a major unloading and stockpile site, with a consequent significant reduction in the potential for interaction with the community during the construction phase.

The existing wharf will still

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1 be used to move equipment and materials required for
2 the construction of the operating and maintenance
3 district headquarters.

4 Fort Norman. The situation
5 with respect to the locations of a wharf-stockpile
6 facility and the use of the airstrip at Fort Norman
7 is almost identical to the situation in Fort Good
8 Hope and does not require further elaboration.

9 The pipeline right-of-way
10 is about four miles east of the community, and the
11 construction of the crossing of the Great Bear River will
12 require a camp facility at the crossing site. It is
13 planned that this camp also would be used during
14 mainline construction through the area, and would there-
15 fore require a 2,400-foot landing strip.

16 There will not be a road
17 connection to the community and it is planned that
18 all activity would be confined to the right-of-way
19 and the camp. However, given the distances involved,
20 the potential for some interaction with the community
21 is greater for Fort Norman than most other communities.

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1 Wrigley. The addition of an
2 airstrip at compressor station site M-13 has eliminated
3 the necessity of using the airstrip at Wrigley. Apart
4 from the fact that the right-of-way passes within two
5 miles of the community, there are no other facilities
6 or activities planned for that vicinity. It is antici-
7 pated that activity along the right-of-way will proceed
8 quickly and be properly confined. The nearest camp will
9 be well removed from the community at the site of
10 station M-13.

11 Fort Simpson. In addition
12 to the facilities and activities that were described
13 as common to the larger communities, the following are
14 currently planned for the vicinity of Fort Simpson.

- 15 1. A wharf and stockpile site with an associated camp
16 facility will be located across the Mackenzie River and
17 about six miles from the community. In the second
18 year of construction, the crew operating out of this
19 camp would construct the wharf and stockpile facilities
20 and receive civil construction equipment. In the third
21 year, the camp would be used for crews constructing
22 the road and compressor station pad, in addition to the
23 usual function of receipt and stockpiling of pipe and
24 other materials.
- 25 2. Compressor station M-15 will be located across the
26 Mackenzie River about six miles from the community. The
27 camp at this site will be used in the fourth winter for
28 pipeline construction. During the fourth year, compressor
29 station materials will be received for construction of
30 the station during the fifth year.

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1 3. During the fourth construction year, a camp will be
2 located about six miles upstream of the community for
3 the installation of the Mackenzie River crossing.

4 4. The existing port facility will be expanded as
5 part of the northern staging complex. As noted in the
6 more detailed discussion of the northern staging opera-
7 tions that will follow, this facility will be used
8 throughout the construction period with average man-
9 power levels in the order of 40 to 60 people depending
10 on the season.

11 All camp facilities would be
12 operated as self-contained units and it would be the
13 intention of Arctic Gas to confine activity to the camps
14 and the right-of-way as much as possible. The six
15 mile separation between most of the facilities and the
16 community and the facts that the wharf/stockpile site,
17 the compressor station and the major camp facilities
18 will be on the opposite side of the river should help
19 to provide a balance between the adverse and beneficial
20 impacts occurring in Fort Simpson.

21 The northern staging area.
22 The "Northern Staging Area Report" recently filed with
23 the Inquiry includes a complete discussion of the current
24 proposal for the staging of materials and supplies
25 through facilities at Hay River, Fort Simpson, Axe
26 Point and Enterprise. In addition to a description of
27 the existing transportation system capabilities, the
28 tonnages to be moved and the studies and considerations
29 that led to the current proposal, the report includes
30 details with respect to the expansion of port facilities

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1 at Hay River and Fort Simpson and the development of a
2 temporary highway to barge transfer facility at Axe
3 Point and a temporary rail-to-truck transfer facility
4 at Enterprise.

5 Two specific considerations
6 are directly relevant to the assessment of the socio-
7 economic effects associated with these facilities.
8 First, there is the potential for both positive and
9 negative effects as a result of manpower concentrations
10 in or near existing communities. Second, there is the
11 question of ensuring that staging facilities are
12 developed in a manner that will facilitate the orderly
13 development of existing communities.

14 With the possible excep-
15 tion of the modest requirement at Fort Simpson, each
16 of the staging sites will have self-contained camp
17 facilities as required. This means that in Hay River,
18 Fort Simpson and Enterprise, there will be no necessity
19 of drawing on local systems for sewer, water, power
20 or other services unless such use is subsequently
21 deemed to be in the interest of the communities.

22 Estimated staffing for the
23 four sites varies according to the season. For Hay
24 River, the average monthly staff level in the period
25 October through April is estimated to be approximately
26 50 people. During the same periods of the year, the aver-
27 age monthly manpower levels estimated for Fort Simpson,
28 Axe Point and Enterprise are 40, 70 and 150 respectively.
29 During the months of May through September, these
30 estimates increase to average monthly manpower levels of

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1 approximately 150 in Hay River, 60 in Fort Simpson,
2 140 in Axe Point and remain at 150 in Enterprise.

3 It is the intention of Arctic
4 Gas to meet as many of these employment requirements
5 as possible by hiring local residents who may choose
6 to live at home. However, it is probable that the
7 total number of employment opportunities will exceed
8 the capacity of the local labor force with the result
9 that additional workers will be brought in from outside
10 the area. For the purposes of assessing potential
11 impacts and planning to minimize any adverse effects,
12 it is best to assume a maximum number of non-local
13 workers.

14 Despite the self-contained
15 camp facilities and any policies or regulations that
16 might be imposed, there will be interaction between
17 Arctic Gas personnel and Hay River. Hay River is
18 probably the most capable of all of the communities
19 of absorbing impacts of this type and of deriving
20 benefits therefrom. To a large extent, this reflects
21 the development history of the community and its
22 industrial orientation. Further, such interaction
23 undoubtedly would yield significant benefits for local
24 business.

25 The relatively remote location
26 of Axe Point and the distances involved should result
27 in a normal camp operation and little interaction with
28 either Hay River or Fort Providence. In the case of
29 the Enterprise facility, this will be less true although
30 the potential for adverse impacts will not be as great as

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1 it would be if all of the Enterprise were located in
2 Hay River. There is of course, a potential for inter-
3 action with the community of Enterprise itself, although
4 the small size of the community and the relative lack
5 of facilities as compared to the camp should be
6 mitigating factors.

7 Turning to the question of
8 community development, the first point that should be
9 noted is that with the siting of staging facilities in
10 both Hay River and Fort Simpson, there will be opportunity
11 for the participation of local businesses.

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1 This will result not only
2 from the fact that there will be camp facilities
3 located in or adjacent to the communities but also
4 from the expansion of port facilities and the on-going
5 requirement for certain goods and services. The key
6 concern with this type of activity is that it be at a
7 level that is consistent with the longer term growth
8 objectives of the communities.

9 In addition, Hay River should
10 receive substantial benefits in the form of improved
11 and expanded infrastructure. The proposed facilities
12 will make use of a portion of the remaining undeveloped
13 area on Vale Island that has been identified by the
14 town planners as suitable for commercial development.

15 Similarly, in the case of Fort
16 Simpson, there will be expansion in the capacity of the
17 existing port facilities. Further, it should be kept
18 in mind that Fort Simpson is the site for one of the
19 district headquarters for pipeline operations. Con-
20 sequently, while the utilization of port facilities
21 will not be as great as in Hay River, the communities
22 should benefit by a diversified development as a result
23 of the project.

24 The next two topics reflect a
25 broadening of the focus to consider the potential for
26 impact in communities as a result of the movement of
27 personnel in and out of the region, and their presence
28 in camps generally. This latter topic also will include
29 some discussion of the facilities to be provided at
30 camps and the resultant quality of camp life.

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Personnel movement. In his testimony on employment policies and programs, Mr. Hollands stated the intention of Arctic Gas to have all indoctrination and pre-employment training for persons hired in the south carried out at centers in southern Canada. Furthermore, no southerners will be accepted for employment at any location north of the 60th parallel, nor will there be any personnel staging facilities located in the north. In addition, southern workers will be transported to southern centers at the beginning of their rotational leave.

In planning for the movement of personnel in and out of the north, Arctic Gas has been particularly conscious of the need to ensure that there will not be any adverse impacts or impositions on communities by in-transit personnel. Accordingly the planning has included the delineation of contingency measures to be used in the event of delays or disruptions to the normal movement patterns as a result of weather conditions or other factors.

All southern personnel destined for northern job sites will be flown out of a southern center, probably Edmonton, on large jet aircraft. Those destined for a job site close to an Arctic Gas 6,000 foot airstrip will be flown directly to that strip. Personnel destined for job sites that have only a 2,400 foot airstrip will be flown to a large airstrip for transfer directly to the job site. This transfer operation would take place at one of the large Arctic Gas strips or at the airport of one of the large communities (Inuvik, Norman Wells, Fort Simpson, or Hay River),

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1 depending upon the location of the destination job
2 site. To the extent possible, the ARctic Gas airstrips
3 will be used in order to minimize air traffic at the
4 community airports. Essentially the same procedure
5 would be used for personnel returning to the south.

6 Camp facilities and regulations.
7 Experience has shown that important benefits are derived
8 from the provision of good quality camp facilities for
9 pipeline construction crews. An employee that is
10 satisfied with camp conditions is likely to work more
11 efficiently and diligently than one that is not
12 satisfied. Arctic Gas plans to provide camps that are
13 comfortable and well maintained with a full range of
14 high quality facilities.

15 For the most part, the crews
16 will work long hours for many days in succession. It is
17 important, therefore, that the modular dormitory facili-
18 ties and furnishings be conducive to proper rest. It
19 is equally important that the food preparation and
20 dining facilities be of a high standard. For non-
21 working hours, there must be adequate recreation facili-
22 ties. The facilities being considered for inclusion in
23 the camps include pool tables, ping pong, shuffleboard,
24 playing cards, movies, live or canned television,
25 taped music and ample reading material. In addition,
26 the camps will provide for postal services, commerical
27 telephones and canteen facilities.

28 To ensure proper health
29 care, a medical support system will be established to
30 provide for the treatment of illness and injuries. The

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1 system will be graduated beginning with initial treatment
2 by trained personnel on the scene of an accident or in
3 a camp dispensary. If required, initial treatment would
4 be followed by evacuation to hospital facilities.

5 There are detailed territorial
6 regulations that govern the potential use of community
7 hospital facilities and stipulate the situations in which
8 camps must include medical facilities of a specified
9 size and quality. These regulations provide for
10 appropriate coordination between the potential user
11 of civil hospital facilities and the medical authorities
12 to determine which facilities may be used and to what
13 extent. The regulations are clearly designed to ensure
14 that the ability of community hospitals and other medical
15 facilities to meet the needs of community residents will
16 not be hampered, while simultaneously ensuring that
17 proper medical facilities will be available to all per-
18 sons in the Territories, including construction workers.

19 As has been noted previously in
20 these hearings, all of the camp facilities will be
21 completely self-contained with respect to water, power,
22 firefighting and sewer services, unless it was determined
23 that it would be mutually advantageous for Arctic Gas
24 to utilize a specific community service.

25 In his testimony on employment
26 policies and programs during construction, Mr. Hollands
27 noted that Arctic Gas will be flexible in establishing
28 work schedules for northern residents in order that
29 their personal and community requirements can be taken
30 into account. However, it is the intention of Arctic Gas

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1 to make it a condition of employment for all employees,
2 including northern residents, that there be no hunting,
3 trapping, or fishing while out on the right-of-way or
4 living in the camps. Firearms will not be permitted in
5 the camps with the exception of any required for emergency
6 or security purposes.

7 Mr. Hollands also noted that
8 every attempt will be made to employ northern residents
9 on sections of the pipeline as close to their home
10 communities as possible. As a result, it is conceivable
11 that situations will arise where such an employee is
12 working sufficiently close to his home community to make
13 it practical for him to travel to and from his home on
14 a regular basis. However, it must be noted that in
15 such a situation, transportation would be the responsibility
16 of the individual and not Arctic Gas. Apart from
17 this exception, the policy will be to have all workers
18 living in the camps and to actively discourage employees
19 from establishing alternative living arrangements, such
20 as the use of mobile homes or other temporary accommodation
21 outside of the camps.

22 Enforcement of the policies
23 that I have described with respect to residence in the
24 camps and the prohibition of hunting, trapping and
25 fishing will require the active cooperation of unions.

26 Union cooperation also will
27 be required to find appropriate means of preventing
28 workers from impacting adversely on communities during
29 their non-working hours. The definite preference of
30 Arctic Gas would be to make it a condition of employment

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1 that personnel not leave the confines of a camp during
2 their non-working hours unless expressly authorized to do
3 so by the appropriate camp authorities.

4 From a practical point of view,
5 the potential problem of interaction with communities
6 will only arise with respect to a few of the camps.
7 As the earlier testimony indicated, the majority of
8 camps will be relatively isolated in locations that are
9 removed from communities and that do not have road access
10 to any community. In those areas where there is road
11 access to communities, Arctic Gas intends to ensure
12 that there is an absence of casual transportation. In
13 addition, the long working hours and weather conditions
14 for most of the peak construction period can be
15 expected to deter workers from leaving the camps. The
16 provision of high quality camp facilities and amenities
17 also can be expected to reduce the tendency of workers
18 to seek outside diversions.

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While the preceding deals with the potential problems of workers visiting communities, there is the converse problem of community residents visiting construction camps. Fortunately, this problem can more easily be dealt with. All of the major camp facilities will be fenced with security personnel at the gates on a 24-hour basis. Naturally local residents who have official business in the camps or are seeking assistance in an emergency situation will not be turned away. However, as a general rule, local residents who are not employed on the project will not be allowed access to the camp facilities.

The final area under the heading of camp facilities and regulations that require some comment is the question of alcohol use in the camps. There are two schools of thought on this question. On the one hand, there is the position that alcohol should be strictly prohibited within the camps.

On the other hand, there is the view that making alcohol available under appropriate controls need not lead to, and may prevent, abuse. In part, this view reflects the difficulty, if not impossibility of enforcing a no-alcohol policy. More important, however, is the consideration that having alcohol available in the camps could be a major factor in limiting the interaction between construction workers and communities.

The current preference of Arctic Gas is for the policy of having alcohol available in the camps on a controlled basis. I should note

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1 that this question was discussed with several of the
2 execution contractors on the Alyeska project and that
3 their opinions were an important factor in determining
4 the Arctic Gas policy. All of the contractors with
5 whom the matter was raised cited problems with enforce-
6 ment and with abuses that stem directly from the
7 attempt of workers to circumvent the regulations. They
8 were uniformly of the view that making alcohol available
9 in the camps on a controlled basis is a preferable
10 policy.

11 Effects on the transportation
12 system. In considering the effects of the proposed
13 project on the northern transportation system, there are
14 several critical questions that must be addressed.
15 First, there is the question of ensuring that project
16 demands do not interfere with the normal traffic flows
17 associated with community resupply and the movement of
18 essential goods. Second, there is the question of
19 whether freight rates will change as a result of the
20 project from the levels that would otherwise prevail.
21 Finally, there is the question of ensuring maintenance
22 of an adequate level of service by various modes in
23 and between communities.

24 Since the approach to these
25 potential problems and the factors that must be taken
26 into account vary depending on the mode of transporta-
27 tion, I will discuss the transportation effects
28 separately for each mode beginning with the most
29 important - the river transportation system.

30 The effects on the river

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1 transportation system sub-divide into considerations
2 related to the port facilities at the southern end,
3 and those related to the barge sets themselves. In the
4 planning of northern staging facilities, account was
5 taken of the normal growth in traffic related to
6 community supply and to ongoing industrial activities
7 such as petroleum exploration, using a 15% per year
8 growth factor. In addition, allowance was made for
9 the estimated tonnages associated with construction
10 of the gas plants in the Mackenzie Delta. Pipeline
11 project requirements were then calculated separately
12 and a determination made of the facility expansion
13 necessary to ensure that pipeline requirements could be
14 met without impinging on the port capacity needed to
15 move the anticipated normal traffic volumes.

16 With respect to the barges,
17 it is planned that sufficient barge sets will be added
18 to the existing fleet to ensure that project require-
19 ments will not in any way detract from the barging
20 capacity required for community supply or other traffic
21 volumes.

22 The expansions in port
23 facilities and barging capacity will result in a total
24 river transportation system that has sufficient excess
25 capacity to handle the growth in traffic for a con-
26 siderable period following pipeline construction. For
27 example, the new port facilities at Hay River and Fort
28 Simpson would provide sufficient capacity to support
29 the 15% anticipated growth in river shipping for more
30 than ten years without further expansion. While the

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1 ultimate degree of excess capacity in both the port
2 and river portions of the system will obviously depend
3 on the timing and extent of any other major projects,
4 there is no doubt that the facility additions to serve
5 pipeline requirements will result in substantial
6 improvement of the total river transportation system
7 and its ability to serve communities and other users.

8 With regard to the question
9 of changes in freight rates in relation to the expansion
10 of facilities for pipeline construction, Arctic Gas
11 expects to negotiate arrangements with the carriers
12 that will minimize the exposure of other traffic to
13 rates greater than those that would prevail in the
14 absence of the project.

15 Air services. Since the
16 policies and plans of Arctic Gas with respect to the
17 use of airport facilities in communities were dealt
18 with earlier, the focus here is on the potential
19 effects of the project on the capacity and service
20 levels of scheduled airlines and charter operations.
21 Arctic Gas has stated its intention of leasing,
22 chartering, or otherwise contracting for aircraft to
23 service construction. For the long-haul movements to
24 and from the south, preliminary discussions have been
25 held with a major airline which has expressed confi-
26 dence that it can provide sufficient aircraft capacity
27 to the project on the basis required.

28 Arrangements will be made with
29 local commercial carriers and charter operators for some
30 of the requirements within the region. However, it

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1 should be noted that in such cases there may be a
2 requirement for the appropriate authorities to
3 consider the interests of other customers.

4 In addition to air services
5 that will be required directly by the pipeline
6 project, there will undoubtedly be an increase in
7 the overall level of air traffic in the north as a
8 result of government activity and induced effects of
9 the project generally. It is to be expected that
10 commercial carriers will respond to such increases in
11 demand with the result that the project could result
12 in overall improvement in air services in the north.
13 For example, when this question was discussed with
14 P.W.A., that company expressed confidence in its ability
15 to meet increased traffic demands generated indirectly
16 by the project. In fact, they have indicated that an
17 increase in traffic volumes will enable them to improve
18 the level of service by more efficiently utilizing
19 their aircraft.

20 Trucking. The situation with
21 respect to trucking services for the project clearly
22 parallels that for air service -- sorry, closely
23 parallels that for air servicees.

24 For the primary trucking move-
25 ments out of Enterprise to Axe Point, Fort Simpson
26 or to the right-of-way south of Fort Simpson, the inten-
27 tion is to contract for services. There also will be
28 a potential for contracts to service project require-
29 ments at various locations throughout the region. As
30 in the case of local air carriers, local trucking

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1 firms may have a tendency to offer their total
2 capacity to Arctic Gas without regard to other demands
3 that they would normally meet. Again, this is a situa-
4 tion that may require that appropriate authorities
5 consider the interests of other customers.

6 The remaining consideration
7 with respect to trucking is the effect of the project
8 on the highway and the road system. The concern has been
9 expressed that the movement of materials from Enter-
10 prise to Fort Simpson and Axe Point, or to the right-
11 of-way south of Fort Simpson, could create dust and
12 maintenance problems and adversely affect other traffic.
13 The dust and maintenance problems can be adequately
14 dealt with, and Arctic Gas undertakes to work with the
15 appropriate government authorities to ensure that this
16 is accomplished. Further the current planning of
17 Arctic Gas is to accomplish much of the movement to
18 both Fort Simpson and the right-of-way during the
19 winter months. This would reduce the dust problem and
20 given that the road surface would be frozen, would
21 also reduce maintenance problems.

22 Communications facilities.

23 Arctic Gas has selected a satellite system as the
24 primary means of providing essential telecommunications
25 services for pipeline construction and operations.
26 Negotiations have been initiated with a consortium
27 of telecommunications suppliers, including C.N.
28 Telecommunications and Telesat Canada, with the intent
29 of establishing a service agreement for system design.
30 In the Yukon and Northwest Territories, earth stations

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1 and associated telephone equipment will be leased by
2 Arctic Gas from C.N. Telecommunications. From the
3 perspective of this Inquiry, the essential point is
4 that all of the facilities that are directly required
5 for the project will be added to the existing system.
6 I should note that some long distance facilities will
7 be shared with the general public at specific locations
8 where the pipeline telecommunications system and the
9 public telephone network are interconnected. To pro-
10 vide for these interconnections, it will be necessary
11 for C.N. Telecommunications to increase the number of
12 long-distance circuits available at those locations.
13 The specific locations will be identified by C.N.
14 in final design of the pipeline telecommunications
15 system.

16 While the preceding approach
17 should ensure that the direct needs of the pipeline
18 do not interfere with the provision of normal tele-
19 communications services, it is recognized that the
20 project will generate increased business activity in
21 the north and may therefore result in an indirect
22 demand for additional telecommunications services.
23 In anticipation of this situation, C.N. Telecommunica-
24 tions has expansion plans designed to meet a projected
25 traffic increase. Arctic Gas intends to co-ordinate
26 its planning with that of C.N.

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1 In general, the decision to
2 lease telecommunications facilities and the selection
3 of the satellite system with its characteristic flexibility
4 will enhance the northern service capability of CN
5 Telecommunications and Telesat Canada and should result
6 in improved and expanded telecommunication services
7 to northern communities.

8 Local procurement of goods
9 and services. While Arctic Gas is fully committed to
10 ensuring that local businesses benefit from the project,
11 we are conscious of the fact that this is an area that
12 could result in problems for northern residents.

13 In addition, Arctic Gas must be
14 conscious of its primary responsibilities to ensure the
15 timely delivery of materials and supplies of the required
16 quality and to maintain essential cost controls.

17 The Expanded Guidelines For
18 Northern Pipelines include the following specific
19 guidelines with respect to local procurement.

20 "Contracts and sub-contracts shall be so
21 designed and publicized as to invite and
22 encourage bids from native organizations,
23 settlement councils and local contractors.

24 In addition, the business and commercial
25 organization of the Territories shall be
26 invited and encouraged to supply goods
27 and services required for the pipeline
28 development and operation."

29 The cautious attitude of
30 Arctic Gas is reflected in the manner in which we responded

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1 to that guideline in section 14 (c) of the application
2 and I quote:

3 "The applicant is in agreement with the
4 intent of this guideline, but cautions that
5 there could be adverse consequences if
6 the guideline were converted into policy
7 without careful planning. Care must be
8 exercised to avoid encouraging the forma-
9 tion of new businesses or the expansion of
10 supply capacity in existing firms on the
11 basis of unjustified expectations, concerning
12 the volumes of materials that will be
13 required at a particular location and or
14 the duration of increased business activity
15 associated with pipeline construction."

16 This attitude was further
17 reflected in the response to item six of the Assessment
18 Group Request for Supplementary Information. That item
19 requested a listing of the types of pipeline activities
20 which would be appropriate for local contractors, either
21 as complete contracts or as portions of larger contracts,
22 as well as a list of the goods and services which the
23 applicant believed could be supplied locally. In
24 the response, the requested lists were preceded by the
25 following statement:

26 "Applicant's policy will be to utilize local
27 contractors and suppliers of goods and services
28 to the maximum extent, consistent with the
29 welfare of the community. The benefits to
30 such businesses and their employees from increased

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1 patronage are obvious, as are the indirect
2 and secondary effects of such increased
3 income in the area, but the applicant is
4 also aware of other responsibilities, that
5 is, the applicant will endeavor not to
6 monopolize contractors to the extent that
7 other unrelated work cannot be done and
8 to avoid creation of demands for goods to
9 the extent that local supplies are depleted
10 and prices inflated. In addition, applicant
11 believes that it should not encourage the
12 establishment of those types of local businesses
13 for which demand will be minimal when construction
14 is completed.
15 The above principles, which the applicant believe
16 are all valid, tend to create an uneasy balance.
17 It will be difficult to determine when one principle
18 or the other should be emphasized."

19 One of the important areas
20 identified by the task force on northern business preference,
21 established to study the problems encountered by northern
22 businessmen in obtaining federal government contracts,
23 was the provision of adequate and timely information
24 with respect to contract requirements, specifications
25 and tender calls. The provision of adequate information
26 and the establishment of appropriate liason mechanisms
27 was also given a high priority in the presentation made
28 to this Inquiry by the Inuvik Chamber of Commerce.

29 The process of co-operation
30 and information flow has already been initiated. For

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1 example, Arctic Gas participated in meetings with a
2 study group established by the Territorial government,
3 Department of Economic Development, to investigate
4 entrepreneurial opportunities for northerners that
5 might be stimulated by highway and pipeline construction.
6 Similarly, Arctic Gas personnel have held numerous
7 discussions with community and business representatives
8 in many of the communities. In this regard, one activity
9 that is particularly noteworthy, relates, at least in
10 part, to a recommendation that was made in section 14(c)
11 of the application. The recommendation was for the
12 establishment of a local -- I'm sorry, of a regional
13 economic liasion group with membership to include
14 representatives of the various levels of government,
15 native organizations, northern businesses, Arctic Gas
16 and the producers. The broad purpose of establishing
17 such a group would be to provide a forum for discussion
18 in the exchange of information with respect to a broad
19 range of topics including local procurement. This would
20 facilitate the process of designing the overall approach
21 as well as specific procedures for local procurement
22 in a manner that would ensure the true maximization of
23 benefits without the undesirable effects.

24 Recently, the Territorial
25 Department of Economic Development initiated a discussion
26 forum that could be the first step toward the establish-
27 ment of the type of economic liason group recommended
28 by Arctic Gas. Attendance at the first meeting included
29 government representatives, members of the Northwest
30 Territories Chamber of Commerce, a member of the Norman

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1 Wells Chamber of Commerce, several businessmen associated
2 with the Business Opportunities Board, representatives
3 of the Inuit and Metis Associations, and representatives
4 of both pipeline applicants. While the intent is to
5 explore all aspects of the problem of northern business
6 development, the focus of the first meeting was naturally
7 on opportunities and problems related to the pipeline.

8 My understanding is that in the
9 period before the next meeting, the various groups will
10 be submitting suggestions and recommendations related
11 to the development of more formal terms of reference and
12 objectives for the group. Included could be such
13 critical items as determining the absorptive capacity
14 of local businesses with respect to pipeline or other
15 opportunities, the identification of methods for increasing
16 that capacity or overcoming other constraints such as
17 a lack of development financing. The development of
18 needed training programmes to assist existing or potential
19 northern entrepreneurs in acquiring business administration
20 expertise and ultimately determination of the optimum
21 mix of policies, programmes and procedures that can be
22 undertaken by the participants either jointly or
23 separately, in order to maximize northern participation
24 in northern development.

25 The main objective from the
26 perspective of Arctic Gas is to facilitate ~~liaison~~ between
27 existing and potential northern business interests and
28 the management of Arctic Gas, with a view toward our
29 eventual role as a purchaser of goods and services.

30 Not only will participation in

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1 such a group ensure that northern business has access
2 to information from Arctic Gas, but also that Arctic
3 Gas management is made aware of the problems faced by
4 northern entrepreneurs so that we can participate in the
5 search for the satisfactory solutions.

6 In addition to our participation
7 in this type of discussion forum, Arctic Gas intends
8 to take more direct steps to ensure the provision of
9 adequate information. Earlier, I noted that one of the
10 functions of the logistics and procurement personnel
11 that will be located in each of the major communities
12 will be liaison with the local community and local businesses
13 regarding the procurement of goods and services. In
14 a later sub-section of this testimony, I will discussing
15 the plans with respect to liaison in the smaller communities
16 during construction.

17 One aspect of that liaison will
18 be to ensure that businesses in the smaller communities
19 also have direct access to procurement information.

20 As well as providing information
21 with regard to potential local contracts, the details
22 of specifications and timing, the bidding procedures, the
23 procurement representatives in the north will be able
24 to provide advice and to assist local businessmen in
25 satisfactorily resolving any difficulties that may arise
26 regarding Arctic Gas contracts.

27 As I noted, one of the dangers
28 associated with local procurement is that businesses will
29 expand or develop without a viable on-going, non-pipeline
30 market base. The result of this situation could be financial

1 hardship for the individual entrepreneur and accentuation
2 of local boom-bust effects.

3 Similarly, northern businesses
4 face potential problems or constraints such as the
5 acquisition of technical and financial assistance.

6 At both the federal and
7 Territorial levels of government there are established
8 departments and agencies charged with assisting local
9 and regional businesses and with fostering an orderly
10 process of economic development through programmes that
11 include funding, feasibility analyses, and other forms
12 of direct and indirect assistance. Arctic Gas recognizes
13 the important role that such agencies and departments
14 play and does not intend to either duplicate or infringe
15 on their areas of activity. Rather, we believe that the
16 interests of the region and its residents will be best
17 served by an orderly process of communication and co-
18 operation between government bodies, regional businesses,
19 and Arctic Gas.

20 It is from this perspective that
21 the formation of a regional economic liaison group, of
22 the type being initiated by the Territorial government
23 is such an important step.

24 Inflation and shortages. The
25 Inuvik Chamber of Commerce voiced concerns with respect
26 to the inflationary effects of pipeline employment
27 generally, particularly with regard to the ability of
28 local businesses to match wages and prices or hold their
29 employees. The Chamber of Commerce also noted the
30 potential problem of excessive utilization of northern

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1 residents and northern businesses by the pipeline. The
2 concern being that essential community services could
3 be disrupted, shortages of important goods and services
4 created and inflationary pressures established that
5 would negatively affect all residents.

6 These are all vital concerns
7 that are related to the overall project policies and
8 programmes with respect to local employment and procure-
9 ment.

10 Having identified the problem,
11 I would like to proceed with a more detailed discussion
12 of the anticipated magnitude of these negative effects
13 and some of the mitigating measure that are possible.

14 For the purposes of this discussion
15 I have subdivided the issue into three general categories,
16 the anticipated overall inflationary effect of the
17 project as compared to the Alaskan situation described
18 by Mr. Boorkman, the potential effects of direct pipe-
19 line employment with respect to both inflation and
20 the maintenance of essential community services and the
21 effects of pipeline procurement.

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Overall inflationary effects.

Mr. Boorkman pointed out the very direct relationship between the problems that are being experienced in Alaska and the massive influx of in-migrants that flocked to the State from the south as a result of the petroleum industry activities and the construction of the Alyeska pipeline. With respect to inflation and the shortages of critical items such as housing and municipal services in particular, Mr. Boorkman established the extent to which in-migration has been the key casual factor. In-migration in turn has reflected the local hire policies of the government and the fact that union hiring halls are located in Fairbanks. In addition, inflationary problems in Alaska have reflected the fact that pipeline construction workers are not required to leave the State during leave periods, but rather are transported to Fairbanks and Anchorage with a consequent local spending impact. The State further fueled the inflationary situation by the rapid spending of State revenues derived from the sale of oil and gas leases. The specific case was cited of the State having spent \$900 million of such revenues by the spring of this year.

Mr. Boorkman also highlighted the lack of adequate State planning prior to pipeline construction with regard to the local hire policy and its implementation and with regard to State revenue sharing with local governments and the provision of impact assistance funds. Closely tied to the question of State planning from both a historical and an immediate perspective is the overall dominance of the private

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1 sector as compared to the public sector in all aspects of
2 the Alaskan economy. This is particularly relevant in
3 the case of housing.

4 A final factor that must be
5 borne in mind with respect to Alaska is the relative
6 maturity of the economy and its infrastructure. While
7 Alaska is certainly not developed to the extent of
8 more populated States in the south, its isolation and
9 population concentration have led to the development of an
10 infrastructure and service capability that far exceeds
11 that of the Canadian north. As a result, the activities
12 of Alyeska, in terms of the direct procurement of goods
13 and services in the State and reliance on existing
14 communities and infrastructure, has not been insignifi-
15 cant. This has contributed to the inflationary and
16 shortage problem.

17 In my earlier evidence with
18 regard to the potential for Alaska-type impact in the
19 Mackenzie Valley, I focused on the reasons why we are
20 convinced that the massive in-migration phenomenon
21 experienced by Alaska will not prevail in the Mackenzie
22 Valley. While I will avoid repeating all of that material,
23 I would like to reiterate the Arctic Gas position that
24 all southern workers will be hired in the south and
25 transported directly to and from job sites without stop-
26 overs in northern communities. Furthermore, as was
27 pointed out in an earlier portion of this testimony, the
28 majority of construction workers will be housed in self-
29 contained construction camps removed from communities and
30 will be directly discouraged from visiting any communities

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1 during their off hours.

2 Apart from the obvious
3 mitigating effect of these measures with respect to in-
4 migration and resultant inflationary or other impacts,
5 they will also tend to limit the amount of spending by
6 the pipeline work-force in the region and thus to
7 further reduce any inflationary pressures.

8 A point that should be added
9 with respect to the prevention of excessive in-migration
10 is the potential for government to take direct steps
11 with regard to land use regulations and any residency
12 qualifications for individuals or businesses. I am
13 thinking particularly about the southern portions of the
14 region that are directly accessible to the south by road.
15 Despite publicity concerning the employment policies
16 of Arctic Gas, there may be some people who will still
17 attempt to come north in search of a job with the
18 pipeline or to capitalize on other real or imagined
19 opportunities.

20 If preferential hiring practices
21 for northern residents are to be effective in terms of
22 the objective of maximizing opportunities for northerners,
23 then government must establish clear residency qualifica-
24 tions. A similar comment applies in the case of any
25 government programs or other efforts to assist local
26 businesses in taking advantage of pipeline opportunities.
27 Any tendency toward excessive in-migration can also be
28 reduced if government ensures that appropriate land use
29 controls are in place and enforced to prevent strip
30 developments or squatting along the highways, in or

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adjacent to the communities or near Arctic Gas facilities.
The attitude and approach to the distribution of various
social services for transients in communities is another
potentially important factor in controlling undesirable
population and related effects.

The other crucial difference that
was cited earlier is the extent to which government
plays a dominant role in the Canadian north as compared
to the situation in Alaska.

Unlike the situation in Alaska,
extensive planning related to the pipeline and other
developments has been underway for some time. In
some communities, this has involved the building of
infrastructure and housing in anticipation of further
growth. In other communities, it has entailed community
planning so that pipeline induced growth can be
accommodated in a manner that will lead to a longer-
term growth pattern that is beneficial to the communities.

The community focus on planning
and building in advance of the anticipated growth reflects
the broader commitment of the government to upgrade and
improve the infrastructure, including housing and
municipal services. While the supply and quality of
services available in the north does not yet match that
in other parts of the country, the emphasis in this
area over the past number of years has brought the
region to a level which should allow it to avoid the
short-term catch-up problems that have been evident in
Alaska.

The final point that should be

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1 made with regard to the overall inflationary potential
2 has to do with the direct linkages that exist with the
3 south from a logistics and procurement perspective.
4 Unlike the situation described earlier for Alaska, the
5 pipeline project will be more directly focused on centers
6 such as Edmonton for many of its support services and
7 more broadly, on the national supply capacity with respect
8 to the great bulk of its procurement. The point is that,
9 even with a very aggressive local procurement approach,
10 the general lack of economic maturity in the region will
11 limit the amount that can be purchased locally and
12 therefore will limit the inflationary effects of pipeline
13 spending. Moreover, the relative integration of the
14 north and south in Canada, as compared to Alaska, allows
15 more flexibility to modify local procurement should this
16 be deemed advisable.

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Considering all of the factors that I have discussed, we do not anticipate the kind of general inflationary pressure that has occurred in Alaska. What we do anticipate, however, is a more contained inflationary and shortage problem that directly reflects the employment of regional residents and local procurement.

Employment effects. Arctic Gas has stated its commitment to give preference to resident job seekers, particularly native people; has participated in training programs to further the objective of native employment; and has stated its intention of substantially increasing the training effort for both construction and operations employment as soon as feasible. It must be recognized, however, that there will be a direct relationship between the success of the various measures designed to increase resident employment and such negative impacts as labor market dislocations and local inflation.

There are several distinct effects that can result from the employment of local residents. One direct consequence will be the inflationary effect of local spending of incomes earned. This effect will be greater the more the project induces new entries to the labor market, or reduces unemployment and under-employment. To the extent that pipeline employees have transferred from another job in the region, the demand-pull inflationary effect should be reduced to a level proportionate to any differential in earnings. It should be noted, however, that a

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1 demand pull effect of the type I am describing is
2 itself related to the question of local procurement.
3 In general, there should be little inflationary effect
4 as long as there is an adequate supply of the goods
5 and services that are in demand.

6 One mitigating measure that
7 can be taken to reduce any tendency toward demand pull
8 inflation is the encouragement of savings programs
9 to level out the effects of increased incomes in
10 communities generally, and for individuals in particular.
11 This could involve the expansion of credit unions or
12 other conventional financial institutions equipped to
13 provide a full range of financial services. Of course,
14 conventional financial institutions are not the only
15 type of savings available that could be encouraged.
16 For example, in the smaller communities in particular
17 some form of co-operative venture might be an
18 appropriate mechanism.

19 Arctic Gas will directly
20 assist its employees by making them aware of the
21 opportunities available for money management and by
22 instituting appropriate pay mechanisms suitable to
23 their situation. In fact, Mr. Hollands has already
24 indicated in his testimony the plans to include
25 money management as a part of the orientation and
26 counselling program.

27 A second important effect of
28 resident employment is the creation of cost push
29 inflationary effects as a result of potentially
30 higher earnings from pipeline employment. This type

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1 of effect will occur if regional employers find that
2 they must offer higher wages to employees in order to
3 counteract the lure of pipeline earnings. Typically,
4 such increases would be passed on to the employers'
5 customers, with the result that prices are pushed
6 up generally.

7 A key factor to be kept in
8 mind, and that mitigates against this, is that higher
9 pipeline earnings are a reflection of long working
10 hours as well as high hourly rates. Similarly, higher
11 earnings for pipeline employment could reflect more
12 arduous working conditions and the seasonality of the
13 job.

14 In addition, employers in
15 some types of businesses may find that they can offer
16 the opportunity for longer working hours, and therefore
17 higher total earnings, to their employees as a result
18 of increased demands that are generated either directly
19 or indirectly by the project. In other words,
20 employers in some industries may be able to simultane-
21 ously compete with the pipeline for workers and increase
22 their output without undertaking expansions that are not
23 warranted by the long-term market considerations.

24 The cost push inflation
25 problem is closely related to the third potential
26 problem associated with resident employment -- labor
27 market dislocations. Specifically, there is a concern
28 that the attraction of workers to pipeline employment
29 from other jobs for which they have been trained, or in
30 which they have gained valuable experience, will make it

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1 difficult for employers to maintain the level of quality
2 of output.

3 Since this problem is directly
4 related to the potential lure of pipeline earnings
5 compared to other employment opportunities, the points
6 that I made with respect to cost push inflation are
7 applicable. In addition, there is one other factor
8 that may prove important from the perspective of the
9 smaller communities and the need to maintain essential
10 services. In his testimony, Mr. Hollands described
11 the efforts that are under way to develop a community-
12 based manpower delivery system. In addition, he
13 stated the intention of ARctic Gas to be flexible in
14 establishing construction work schedules for native
15 employees in order that they can take into account
16 personal and community needs. The combination of
17 these two measures should assist communities in collec-
18 tively organizing their chosen level of participation
19 in pipeline construction in a manner that would ensure
20 the maintenance of essential services.

21 Procurement effects. Given
22 the related nature of the employment and procurement
23 questions, there is very little that I can add under
24 this heading that has not already been mentioned in
25 one context of another. A key point that deserves
26 reiteration is that given the maturity and capacity
27 of regional industry and services, the limit to the
28 degree of local procurement that can be undertaken
29 is considerably below the limit in a region such as
30 Alaska. As a result, there is a limit on the

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1 inflationary effects that can be created directly as
2 a result of pipeline procurement.

3 However, there is no doubt
4 that an overly aggressive local procurement program
5 would create problems, either of an inflationary nature
6 or with respect to the creation of shortages. Pressures
7 on the part of either local businesses or government
8 to extend local procurement to a degree that exceeds
9 the supply capacity of existing firms, taking into
10 account other demands, will be dangerous.

11 In addition, I would caution
12 government and others against attempts to use the project
13 to foster the development of too many new industries
14 at too rapid a pace -- particularly enterprises that
15 may have a questionable future following pipeline
16 construction. Such efforts could have adverse side
17 effects, such as the creation of additional pressures
18 for community expansion, increased demands on a range
19 of goods and services, and increased demands on the
20 available labor supply.

21 Community liaison. Prior to
22 pipeline construction, Arctic Gas will be intensifying
23 its consultation program with the Territorial Government
24 and community representatives and their consultants.
25 The focus of these consultations, which we would expect
26 to continue throughout the construction period,
27 will be on those aspects of the project in both the
28 construction and operations phases that could affect
29 the general pattern of growth in a community, the level
30 and type of activity in the vicinity of the community,

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1 or community planning generally. In addition, as I
2 noted previously, a key function of the logistics and
3 procurement personnel in the four larger communities
4 will be continuing liaison with community representa-
5 tives and local businesses.

6 In the case of the smaller
7 communities, a three-pronged approach is planned. First
8 there will be regular visits from project information
9 officers. Second, it is planned that during con-
10 struction additional liaison personnel would regularly
11 visit a community when pipeline construction activity
12 was being undertaken in the general proximity of that
13 community.

14 The third element in the
15 planned liaison program relates directly to the
16 manpower delivery system that was described by Mr.
17 Hollands. To make that system function smoothly and
18 properly serve the interests of the communities, we
19 would hope to directly involve residents of the communi-
20 ties to serve as the interface between the organizations
21 involved in the delivery system and other community
22 residents interested in employment opportunities.

23 Since we do not expect that
24 the organization and day to day activities of the
25 manpower system would require the full-time involvement
26 of an individual, it would make sense for that person
27 to simultaneously serve the broader function of inter-
28 facing with Arctic Gas with respect to the overall
29 liaison program. He would arrange for the regular
30 visits of liaison officers, or request such visits

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1 as required on the basis of community concerns. Further,
2 he would be in a position to bring any specific potential
3 problems of the community or individual residents to
4 the attention of Arctic Gas so that they could be dealt
5 with promptly.

6 MR. GOUDGE: I note, sir , that
7 it's about ten to five.

8 THE COMMISSIONER: Well, we
9 can adjourn until tomorrow morning if you feel that
10 we'll have time tomorrow and the following day to get
11 through this material and through the cross-examination.

12 MR. GOUDGE: I've canvassed
13 counsel, sir, and I think we will have time to do that.
14 Possibly perhaps we could start at 9:30 in the morning.

15 THE COMMISSIONER: Pardon me?

16 MR. GOUDGE: Perhaps we could
17 start at 9:30 in the morning and complete the reading
18 in of the evidence in chief before lunch, and then we'd
19 be on cross-examination.

20 THE COMMISSIONER: O.K., I
21 think we should. I think that we should give our
22 full attention to Dr. Hobart, as we sought to do
23 in Mr. Trusty's case this afternoon, I think he used
24 the expression "absorption" in your presentation,
25 and I think that's our difficulty at this stage.

26 So we'll adjourn until 9:45
27 A.M.

28 (PROCEEDINGS ADJOURNED TO JULY 14, 1976)
29
30

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MACKENZIE VALLEY PIPELINE INQUIRY Government Publications

IN THE MATTER OF APPLICATIONS BY EACH OF
(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A
RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS
CROWN LANDS WITHIN THE YUKON TERRITORY AND
THE NORTHWEST TERRITORIES, and
(b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY
THAT MIGHT BE GRANTED ACROSS CROWN LANDS
WITHIN THE NORTHWEST TERRITORIES
FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE
and

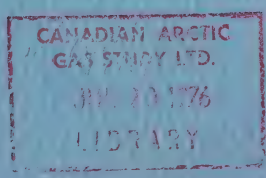
IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND
ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION,
OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE
PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.
July 14, 1976.

PROCEEDINGS AT INQUIRY

Volume 163



APPEARANCES:

Mr. Ian G. Scott, Q.C.,
Mr. Stephen T. Goudge,
Mr. Alick Ryder, and
Mr. Ian Roland, for Mackenzie Valley Pipeline
Inquiry;

Mr. Pierre Genest, Q.C.,
Mr. Jack Marshall,
Mr. Darryl Carter, and
Mr. J.T. Steeves, for Canadian Arctic Gas Pipe-
line Limited;

Mr. Reginald Gibbs, Q.C.,
Mr. Alan Hollingworth, and
Mr. John W. Lutes, for Foothills Pipe Lines Ltd.;

Mr. Russell Anthony,
Prof. Alastair Lucas and
Mr. Garth Evans, for Canadian Arctic Resources
Committee;

Mr. Glen W. Bell and
Mr. Gerry Sutton, for Northwest Territories
Indian Brotherhood, and
Metis Association of the
Northwest Territories;

Mr. John Bayly and
Miss Leslie Lane, for Inuit Tapirisat of Canada,
and The Committee for
Original Peoples Entitle-
ment;

Mr. Ron Veale and
Mr. Allen Lueck, for The Council for the Yukon
Indians;

Mr. Carson Templeton, for Environment Protection
Board;

Mr. David H. Searle, Q.C.
for Northwest Territories
Chamber of Commerce;

Mr. Murray Sigler and for The Association of Munici-
palities;
Mr. David Reesor,

Mr. John Ballem, Q.C., for Producer Companies (Imperial,
Shell & Gulf);

Mrs. Joanne MacQuarrie, for Mental Health Association
of the Northwest Territor-
ies.

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Wayne B. TRUSTY

Charles HOBART

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EXHIBITS:

661	"Final Report of Work & Transportation Equipment" by CAGSL, J.E. Rymes Engineering	25099
662	"Historical Activity Data Mackenzie Valley Corridor", Avcon Aviation Consultants	25099
663	"Outline of Environmental Monitoring Program" by N.E.S.	25099
664	"Northern Yukon Research Program Report of Activities"	25099
665	"Proposed Archaeological Salvage Program" CAGPL	25100
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667	"Northern Staging Area Report," CAGPL	25100
668	"The Control of Hazardous Substances During The Arctic Gas Project," CAGSL	25100

1 Yellowknife, N.W.T.

2 July 14, 1976.

3 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

4 THE COMMISSIONER: We can
5 begin, Mr. Steeves, I think we're ready for Dr. Hobart.

6 MR. STEEVES: Before Dr. Hobart
7 reads out his material, I have some other business to
8 transact. I have a number of reports and studies, all
9 of which we were either directed or agreed to prepare,
10 and may I file them?

11 The first one is a publication
12 called:

13 "Final Report of Work and Transportation Equipment"
14 by Canadian Arctic Gas Study Limited, prepared by J.E.
15 Rymes Engineering Limited of Calgary, Alberta.

16 The second one is a publication
17 entitled:

18 "Historical Activity Data, Mackenzie Valley
19 Corridor,"
20 that's prepared by Avcon Aviation Consultants Limited of
21 Calgary, Alberta.

22 The third one is a paper
23 "Outline of Environmental Monitoring Program,"
24 prepared by Northern Engineering Services Company
25 Limited.

26 The fourth one is a copy of
27 "Report of Activities of the Northern Yukon
28 Research Program,"
29 prepared by the director of that program.

30 The fifth one is a

1 "Proposed Archaeological --"

2 would you say it for me, please? That's got to be
3 spelled wrong,

4 "...Salvage Program,"

5 prepared by Canadian Arctic Gas.

6 The fifth one is a copy of a
7 document,

8 "The Arctic Oil Spill and Toxic Material

9 Contingency Plan,"

10 prepared by Canadian Arctic Gas Study Limited.

11 The sixth one is a -- and

12 I'm not certain about this one, sir, and I'll let the
13 secretary to the Inquiry determine whether or not it
14 is already an exhibit, and that's,

15 "The Northern Staging Area Report,"

16 prepared by Canadian Arctic Gas Pipeline Limited.

17 Finally, the study on the

18 "Control of Hazardous Substances During the

19 Arctic Gas Project ,"

20 prepared by Canadian Arctic Gas Study Limited.

21 Thank you.

22 ("FINAL REPORT OF WORK & TRANSPORTATION EQUIPMENT"

23 BY CAGSL, J.E. RYMES ENGINEERING, MARKED EXHIBIT 661)

24 ("HISTORICAL ACTIVITY DATA MACKENZIE VALLEY

25 CORRIDOR,"AVCON AVIATION CONSULTANTS, MARKED

26 EXHIBIT 662)

27 ("OUTLINE OF ENVIRONMENTAL MONITORING PROGRAM"

28 BY N.E.S. MARKED EXHIBIT 663)

29 ("NORTHERN YUKON RESEARCH PROGRAM REPORT OF

30 ACTIVITIES" MARKED EXHIBIT 664)

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1 ("PROPOSED ARCHAEOLOGICAL SALVAGE PROGRAM,
2 CAGPL" MARKED EXHIBIT 665)

3 ("ARCTIC OIL SPILL & TOXIC MATERIAL CONTINGENCY
4 PLAN," CAGSL, MARKED EXHIBIT 666)

5 ("NORTHERN STAGING AREA REPORT," CAGPL, MARKED
6 EXHIBIT 667)

7 (" THE CONTROL OF HAZARDOUS SUBSTANCES DURING
8 THE ARCTIC GAS PROJECT,"CAGSL, MARKED EXHIBIT 668)

9
10 WAYNE B. TRUSTY,

11 CHARLES HOBART, resumed:

12 DIRECT EXAMINATION BY MR. STEEVES (CONTINUED):

13 Q Will you turn to your
14 evidence, Dr. Hobart, and read it?

15 WITNESS HOBART: Mr. Commissioner,
16 as Mr. Trusty noted in his introductory testimony,
17 Arctic Gas asked me to attempt to answer a number of
18 questions relevant to the development of the proposed
19 pipeline. Since these covered areas that are important
20 to this Inquiry, I would like to briefly review these
21 questions and my responses, taking into account further
22 considerations that have since become relevant.

23 First, I was asked to comment
24 on the validity of the argument that in the study region
25 the provision of stable employment opportunities should
26 be considered a high or top priority, and further, that
27 the alleviation of poverty through the provision of
28 stable employment opportunities can increase wage in-
29 come will have a positive effect with respect to the
30 incidence of anti-social behaviour.

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1 I replied that I felt both
2 of these statements were valid. I am aware that in
3 taking this position I am in contradiction with some
4 of the testimony of Dr. Michael Asch before this
5 Commission a month or more ago. This is due at least
6 in part to differences in disciplinary perspectives.
7 Anthropologists are generally more interested in
8 traditional society and in the traditional aspects of
9 society, while sociologists are generally more inter-
10 ested in contemporary society and the contemporary
11 adaptations of society.

12 I elaborated my arguments
13 in detail during my previous appearance before the
14 Commission.

15 Further, I emphasized as I
16 did before this Commission in Inuvik, that most of the
17 important influences along the Mackenzie River for
18 at least the last 25 years with the pipeline proposal
19 and its consequences as the major exceptions, have had
20 the effect of socializing the native people away from
21 their traditional lifestyle and toward a wage economy
22 based lifestyle.

23 These influences include the
24 collapse of the fur market, the establishment of
25 community-based schools and the curriculum and
26 staffing of these schools, the building of Inuvik, the
27 low-cost housing program and the resulting de-population
28 of the land, the impact of oil exploration, etc. The
29 widespread impact of these changes was well-reflected,
30 I think, in the many quotations I read toward the end

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1 of my overview statement from many studies conducted
2 during the 1960s, which testified to the widespread
3 preference for wage over trapping employment. These
4 trends have recently been massively underscored by
5 the impact of television and the example of behaviours
6 of the large number of southern Canadian workers who
7 have gone north within the last five years in connection
8 with the exploration boom.

9 Should the widely anticipated
10 promise of richly increased stable employment opportuni-
11 ties for native people in this region fail to materialize,
12 or should the boom fizzle into a slump, the aversive
13 results would certainly be widespread.

14 THE COMMISSIONER: Would you
15 just define that word "aversive"?

16 A Well, it obviously may
17 range in consequence from disaffection, sullenness,
18 withdrawal to acts expressive of greater hostility
19 and perhaps of violence, and one of the tragic things
20 about the situation of minority group people is where
21 you have that kind of violence, a lot of it tends to
22 be directed towards fellow minorities as well as towards
23 others.

24 Clairmont's research in Aklavik
25 and Inuvik showed that in 1961 to '63 it was the
26 settlement dwellers without continuous employment who
27 were the most prominent liquor ordinance offenders.
28 Smith notes:

29 "This is the group aspiring to a white way of
30 life but with limited means to achieve it. My,"

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1 and this is Smith's,

2 "...observations in Inuvik in 1965 confirm
3 Clairmont's entirely."

4 The Honigmann's detailed
5 study of liquor consumption and liquor ordinance
6 offenders in Inuvik during the 1966-67 showed the
7 same pattern.

"position in the plural system generates specific reactions, responses, and adaptation in native peoples' modes of action which constitute something analogous to the subculture of poverty".

"represents an effort to cope with feelings of hopelessness and despair which develop from the realization of the improbability of achieving success in terms of the values and goals of a wider society. Indeed, many of the traits of the culture of poverty can be viewed as local solutions for problems not met by existing institutions and agencies because the people are not eligible for them, cannot afford them or are ignorant or suspicious of them."

After analyzing the relevance of the subculture of poverty concept, to the native sector of the delta for several pages, Smith concludes by noting that many social features of this native sector

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1 cannot be simply understood as reflections of atomistic
2 native values, psychological structure, or modes of
3 action, but are in fact also products of structural
4 conditions in the delta community.

5 "Native subcultural patterns and structural
6 conditions exogenous to the native sector in
7 the plural system combine in complex fashion to
8 produce the features of native life which
9 we observe."

10 Later in his book, in his
11 discussion of reasons for drinking, four of the five
12 reasons he describes are relevant to the frustrations
13 at least in part imposed by a culture of poverty.

14 Drinking to "feel good, feel
15 happy", when you "feel fed up", and the quotes here
16 again are from Smith, who is quoting native people from
17 his field work. Drinking as an anesthetic, "I'm going
18 to drink real heavy now for a long time, I just want
19 to forget. I hope to pass out real quick, maybe for two
20 weeks this time", drinking as a "vacation" or "time out"
21 from a system which we have suggested has some funda-
22 mental internal conflicts, and drinking as a release
23 of aggression.

24 Dr. Watkins, in his testimony
25 before this Commission, emphasized that the economic
26 consequences of marginality include welfare, which,

27 "demoralizes and degrades people"
28 and that,

29 "socially it manifests itself in alcoholism, family
30 breakdown and suicide."

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The failure to materialize the promises which were implicit in the developments of the last 15 years would certainly increase feelings of marginality and redundancy. This would be especially true among the largest component of the population, those born since 1955 and especially since 1960 whose lifelong experience typically prepares them only to earn their living by entering the wage and salary earning labour force. Thus frustration, bitterness, increased welfareism, despondency and demoralization, increased alcoholism and family breakdown, as Dr. Watkins suggested and certainly increased violence as well, would occur as the opportunities which natives had been trained for and encouraged to anticipate faded away.

Incidentally, it is relevant to the discussion of welfare that Balikci points out for the people of Old Crow, that receiving relief promotes feelings of ethnic inferiority, according to some of his informants. The reason, Balikci suggests, is that,

"in traditional times, gift giving, within the context of the potlatch and moose feast was an antagonistic act aiming at diminishing the prestige of the gift receiver.

Some aspects of this trait have persisted up to the present time and explain the ambivalence with which presents are sometimes received."

from Balikci.

These considerations regarding the importance of dependable employment opportunities

1 are given added force by the fact that people never
2 experience deprivation in absolute terms. What they
3 experience is relative deprivation, deprivation to some-
4 one or other comparison group. Very many of the people
5 of the study region have acquired new comparison groups
6 during the past 10 years as a result of the educational
7 curriculum, the impact of television, the clustering
8 of previously scattered peoples and settlements and
9 increasingly frequent contacts with highly paid southern
10 workers. The result of these and related experiences
11 like the upgrading of stocks in the area's stores and
12 the increased exposure to the full range of mass media
13 has been to dramatically increase the sense of relative
14 deprivation of the native people in the area. This
15 occurs because they have acquired new standards of
16 comparison.

17 The most dramatic example of
18 this is found in Greenland during the past 12 to 15 years.
19 The standard of living of the Greenlanders has increased
20 very substantially during this period, but the standard
21 of living of the Danes in Greenland is markedly higher,
22 and they have increased in number very significantly
23 during this period. The result is a great deal of
24 dissatisfaction and bitterness directed against the
25 Danes which has taken violent expression at times.

26 So long as the confident
27 expectation exists, that the positions and earnings
28 enabling many native people to enjoy this newly viewed
29 life style will become available, the potential for
30 negative reaction, because of relative deprivation will

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1 be held in check, but should this expectation fade, the
2 potential for powerful and violent reaction will be
3 massively increased, precisely because of the frustrated
4 expectations created as a result of the deepened sense
5 of deprivation relative to whites.

6 To the further question, as to
7 whether the provision of stable employment opportunities
8 and increased income will have a positive effect in
9 reducing the incidents of anti-social behaviour. The
10 answer appears to be affirmative in the long run.

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1 more socially constructive behavior. However,
2 increased stable employment opportunities with opportuni-
3 ties for training, up-grading and advancement would
4 provide alternative motivations and would reward
5 alternative constructive behavior.

6 A second question was: what
7 is the relationship between the quality of the
8 physical environment and services -- that is, improved
9 quality of housing, recreation facilities, community
10 facilities -- and various types of social habits such
11 as alcoholism, violence, family breakdown, family
12 cohesion, work habits, etc.?

13 I responded by suggesting to
14 Arctic Gas that there was a danger in over-emphasizing
15 the importance of improved facilities in reducing these
16 undesirable behaviors. There are few, if any, studies
17 which have been sufficiently comprehensive, and
18 sufficiently carefully controlled to permit giving
19 definitive answers to these questions. Human behavior
20 is typically the result of multiple and interacting
21 influences, and most of these multiple interacting influ-
22 ences have not yet been sorted out in widely researched
23 populations, much less among Canadian Inuit, Indian
24 or Metis peoples.

25 Generally however, it is the
26 expectations, the frustrations, the reactions, the
27 commitments and the effectiveness of systems of
28 social control of people which are reflected in the
29 "social habits" listed above, rather than features of
30 the physical environment. For example, research on the

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1 impact of Gulf Oil employment in Coppermine demonstrates
2 generally a higher incidence of socially approved or
3 constructive behavior among older workers who usually
4 live in more modest quarters, than among younger workers
5 who live in more attractive quarters.

6 A second example relates to
7 family breakdown. Family cohesion is in part the result
8 of common background. IN times of very rapid social
9 change and particularly where one party, say the husband,
10 is more generally exposed to change than is the wife, but
11 yet the wife has been exposed sufficiently that she does
12 not accede easily to his decisions, family strife and
13 perhaps breakdown will tend to increase. As well, family
14 discord increases where the traditional extended family
15 and community social controls are weakened. Such condi-
16 tions obviously exist in northern centers where most of
17 the population of the study area resides today. They
18 also exist throughout southern Canada as the now rapidly
19 rising divorce rates in every Canadian province attest.

20 However, there is no doubt that
21 violence among northern native peoples is almost always
22 a result of intoxication and there is evidence that
23 alcohol consumption is associated with the quality of
24 housing and availability of recreational facilities.
25 Inversely associated is what I am referring to here.
26 It is related to quality of housing in that it appears
27 that cramped, over-crowded, inadequate housing often
28 drives people, particularly those who have acquired ex-
29 pectations of more personal privacy or privacy for shared
30 peer group interaction out of the home. The absence of

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1 "dry" gathering centers like cafes, drop-in centers,
2 recreational facilities tends to result in people fre-
3 quenting drinking establishments more often than they
4 would otherwise. Thus it can be anticipated that more
5 adequate housing and a wider range of recreation alter-
6 natives should tend to reduce drunkenness and violence.
7 But this is based on the assumption that wider aspects of
8 life, employment, felt deprivation, etc., remain
9 unchanged.

10 Some further comments are
11 warranted in regard to work habits. In terms of
12 punctuality and absenteeism, cramped, over-crowded housing
13 which makes it difficult to sleep, except when the entire
14 household beds down, is undoubtedly associated with
15 tardiness in reporting to work. This is particularly
16 true during the spring and summer when 24 hour daylight
17 or something approaching this is experienced, and the
18 hours kept by native people in many areas become very
19 irregular. The result is that if the worker attempts to
20 go to bed before the rest of the household, his rest may
21 be frequently disturbed. Williamson has an eloquent
22 description of these problems among Inuit workers in the
23 mine at Rankin Inlet in his book "Eskimos Underground".
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1 The third question is related
2 to the problems of racial social tension associated
3 with changing ethnic composition of the population in
4 the Northwest Territories. There can be little doubt
5 that prejudice and discrimination and inter-ethnic
6 tension exist in the north. Perhaps the main point to
7 be made in this context, however, is that prejudice
8 and discrimination seems to increase among whites at
9 higher positions on the occupational ladder as I noted
10 in Inuvik. This point has been documented by Parsons
11 as long ago as 1967 for Inuvik. The widespread exist-
12 ence of prejudice among teachers in Frobisher Bay,
13 together with the very effective ways in which it is
14 passed on to newly arrived teachers in the north has
15 been described by Koster.

16 Perhaps the most widely
17 documented finding in the whole area of minority group
18 relations is that prejudicial attitudes and discrimina-
19 tory behaviour tend consistently to vary inversely
20 with inter-ethnic interaction, where this contact is
21 between status equals; the more contact there is, the
22 less the prejudice and discrimination. This has been
23 demonstrated in the course of racial integration of the
24 U.S. Armed Forces, in inter-racial housing experiments,
25 in a wide variety of situations, and it has been demon-
26 strated in three studies I have made involving northern
27 native and southern Canadian white workers.

28 Here we found consistently,
29 among white workers, a level of acceptance of native
30 workers, realistic acknowledgement of their strengths

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1 and weaknesses, and understanding and acceptance of the
2 extenuating circumstances associated with problem
3 behaviour which is rare among white collar and pro-
4 fessional employees, in my experience. It should be
5 emphasized that this was true despite the fact that
6 problem behaviour of the native workers, particularly
7 their work absenteeism, is costly to their white
8 work mates for it causes them the discomfort of
9 having to work shorthanded, etc. Nevertheless, there
10 was much evidence of genuine integration and acceptance
11 of native workers in the work crew, and in the case of
12 natives who showed themselves to be particularly good
13 or hard working or dependable, there were generous
14 expressions of praise and appreciation voiced without
15 qualification or prejudicial equivocation. This
16 basic pattern was found for whites working with natives
17 in Gulf Oil Canada exploration activities, in Pan
18 Arctic exploration activities, and in the Nortran
19 training program. But the relationships were deeper
20 than that. Thus when a drilling crew homeward bound was
21 forced to lay over in Inuvik, the white crew members
22 combed the Town of Inuvik searching for a missing
23 native member, fearful that he might squander a cheque
24 he had cashed, before he reached home.

25 Similarly, in the course of
26 interviewing native workers (using native interviewers,
27 ofcourse) we found not only that they reported
28 liking their white co-workers, and their foremen, but
29 again there were indications of genuine involvement and
30 affection for some of these same workers. Evidence

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1 includes the fact that Nortran native trainees said
2 they talked over problems that bothered them more
3 frequently with their white foremen than they did with
4 their typically native supervisor counsellors.

5 THE COMMISSIONER: Dr. Hobart,
6 can I just ask you to comment on this? I don't know
7 how much we can conclude from these particular instances
8 you described, but you spoke in Inuvik of professional
9 defamation. Do you find anything resembling that --
10 and I put this seriously, not facetiously -- in the
11 white crew members combing Inuvik looking for a missing
12 native member fearful he might squander a cheque he
13 had cashed before he reached home. There's something
14 about that -- let's just take your description of
15 the incident and not try to apply this to the whole
16 of mankind, but there's something about that that implies
17 a state of dependence. You know, there may be some-
18 thing to be said for this. Maybe those white crew
19 members should have said to themselves, "You know,
20 the only way we're going to really treat this native
21 member of the crew as an equal is if we let him decide
22 what he's going to do with his cheque," instead of
23 combing the city to make sure he doesn't squander it,
24 because according to our values you shouldn't squander
25 your cheque, you should put it in a bank or buy an
26 insurance policy or savings bond.

27 I'm not trying to infer, I
28 hope, too much, but from that that's the kind of
29 relationship between white members of the crew and a
30 native member that says an awful lot about the assumptions

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1 of the white members of the crew about the necessity
2 for their values, respecting the use of money in
3 particular, being adopted by native people.

4 A I see it differently.

5 I understand what you were saying. I see it differently.
6 In this particular case it was a drilling crew, and
7 the native fellow was a member of the drilling crew.
8 Now, drilling crews develop very close feelings of
9 involvement with respect to each other, so that in
10 my understanding of this incident they were simply
11 seeking to protect a member of the crew who happened
12 to be a native person from a threat that they felt
13 was against his interest or a threat that he would
14 regret in the longer run.

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Q If he had succumbed?

A Yes. So that if, it could very easily have been other members -- well, members of the same crew out to protect the interests of a white fellow in Edmonton, for example. It is the way I understood it. It wasn't a situation that "the hell with him. Let him do as he wants to." It was a situation of "By God, we've got to try to help this guy."

THE COMMISSIONER:

Q Yes. Right. I understand.
Sorry to interrupt.

The evidence in the case of the Nortran training program is particularly dramatic because the potential for white prejudicial and/or discriminatory responses was so much higher. The situation involves the training of northerners almost exclusively natives, so that they can be employed in skilled capacities in the operation of a northern gas pipeline if and when it has been built. Specifically, the situation is that:

1. The northerners are trained by the white workers using essentially an apprenticeship approach.
2. Northerners are advanced just as rapidly as they prove themselves capable of mastering the training, with the result that they are advanced ahead of the white workers who provide them with the early stages of their training.
3. The northerners are permanent employees of the companies which are training them and will be retained at the levels to which their accelerated advancement has

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1 brought them in the event that the pipeline is not
2 built and who, in any case, cannot be forced to return
3 north if they do not want to, thus threatening the
4 advancement of the white workers who are training them
5 in the first place.

6 4. The northern trainees receive special benefits,
7 including company provided housing, longer holiday
8 periods, travel subsidies during holidays, company
9 financed upgrading training in technical or trade schools
10 when this is needed in the opinion of the training
11 officer, etc.

12 It must be apparent from this
13 listing that the white workers who are called upon to
14 provide the training to the natives would have every
15 reason to feel threatened by the advancement advantages
16 given to the natives, and to feel discriminated against
17 by virtue of the special benefits which only the northern
18 trainees receive.

19 Despite these circumstances,
20 we found very little evidence of hostility, resentment
21 or jealousy on the part of white workers or foremen
22 toward the trainees. However, we found a great deal of
23 evidence of understanding, appreciation, acceptance,
24 concern and helpfulness both on and off the job. The
25 most compelling indirect evidence that we found for this
26 was the large number of suggestions for improvement of
27 the program, suggestions oriented overwhelmingly toward
28 making it better and more effective for the trainees,
29 which we obtained from the co-workers. Notably, the
30 latter contributed more suggestions than did any other

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1 category of person interviewed including the trainees
2 themselves.

3 The interviews conducted with
4 the trainees confirmed the above findings. With rare
5 exeptions, they expressed liking and appreciation for
6 their co-workers and their foremen and with the training
7 experiences that these workers were providing. The
8 reasons that they gave for thinking about quitting
9 or for actually quitting with very few exceptions,
10 related to the "pulls" of home up north -- loneliness,
11 homesickness, relationship problems -- rather than the
12 "push" of an unpleasant training situation or difficulties
13 with work associates.

14 Thus we conclude that it is
15 likely that pipeline construction and operation would
16 have a significant potential for reducing inter-racial
17 and inter-ethnic tension in the north, assuming that
18 the potential for abuse or exploitation of natives by
19 a minority of whites is effectively controlled. The
20 impact of the pipeline would tend to reduce the dependency
21 of native northerners on professional caretakers, if they
22 can be assured of good access to resulting employment.
23 It would reduce the discrepancies between the average
24 earnings of whites and natives in the study area, thus
25 reducing the sense of relative deprivation of the latter.
26 It would provide many contexts for whites and natives
27 to work and interact together as equals, contexts that
28 are typically associated with the reduction of inter-
29 ethnic misunderstnading and tension.

30 However, there are two further

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1 points that must be considered:

2 1. The extent to which the boom or short-term pipeline
3 construction opportunities may be followed by a "bust"
4 in which the native people cannot find the amount and
5 level of employment to sustain the standard of living
6 as well as the feelings of involvement and participa-
7 tion as equals, that they acquire during the construc-
8 tion period, and,

9 2. The effect of the influx of not only transient,
10 but also semi-permanent or permanent white workers in the
11 north which the pipeline and ancillary and derivative
12 development activities would induce. Such an influx
13 would no doubt stimulate powerful feelings of resentment
14 and hostility in native people that they are being diluted
15 outnumbered on their home ground, and thus robbed of
16 their power and ability to control their destiny and
17 the destinies and fortunes of their children and their
18 descendents.

19 Mr. Trusty already dealt with
20 the first point in his earlier testimony with respect
21 to total employment that will be generated by the
22 project. In view of the conservative multiplier effect
23 assumptions that were used in these projections, the
24 northern training and northern employment guidelines
25 laid down by the Federal Government, together with the
26 training programs now underway and the high level of
27 success of these training programs, I concur with the
28 applicant's position that it is improbable that the
29 construction boom would be followed by a deep slump as
30 far as the employment opportunities for native northerners
are concerned.

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The overwhelming mass of construction workers will of course be white and since they will have been discouraged from taking their families north, most will no doubt move on elsewhere when the construction phase is over. The case of Greenland, with which I am rather well informed, shows that although there was the confident expectation of a slump after a development surge, the slump never occurred. The actual ramifications of the development plans in Greenland far exceeded the anticipated ramifications and provided a far greater continuing volume of employment than the planners had anticipated. This occurred in a nation (Denmark) strongly committed to state regulation, planning and planning implementation particularly for Greenland.

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1 THE COMMISSIONER: Dr. Hobart,
2 what was going on in Greenland? What was the development
3 surge? What were they doing?

4 A What they were doing -
5 I need to specify this quite carefully. What they were
6 doing was upgrading the fishing fleet, installing
7 packing plants, and building modern housing to lure
8 people from the outlying settlements into the main
9 fishing centres.

10 The point that I have relevance
11 to here, however, is that the Danes made a conscious
12 decision in terms of the question, "Should we train
13 Greenlander carpenters and plumbers and electricians
14 and so on and place as much of the construction
15 activity as possible in their hands? Or should we
16 import Danish workmen to do all of this construction
17 activity?"

18 The decision was to have
19 the construction done by Danish workmen imported
20 especially for that purpose, anticipating that con-
21 struction would be sort of a flash in the pan, and
22 they did not want to disrupt the ways of earning a
23 living of the Greenlanders. Now the point is that the
24 construction and repair and so on has simply continued
25 unabated, so that in 1965 or 6 Danish officials were
26 saying, "We simply made a mistake." The Danish workmen
27 have been a source of all kinds of problems and there
28 was enough work there for Greenlander carpenters and
29 construction trades people. It's the failure to
30 anticipate the extent to which a construction boom would

keep snowballing along that I have reference to here, not the fact, of course, that the kind of development that they were engaged in there, developing a fishing industry and so on, had very different employment implications from the oil and gas proposals currently under review.

A Not that particular aspect. I published on the education system in Greenland, but^I was interested in a number of things while I was there, and developing feelings of tension and unrest were a matter of considerable interest to me, and it tied in importantly to the system we've been talking about.

A Native Greenlanders prefer to be called Greenlanders, as you may know, for several reasons. I think the proportion is somewhat under 20%.

Q That's the ratio.

A Yes. Now that was the situation as of about 1970. In the proportion of Danes has continued to build and it may be in excess of that by now, but that's a ball park figure, and that is native-born Danes as compared to native-born Greenlanders, some of whom are racial mixes, of course.

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1 Q What percentage of the
2 population would be of mixed blood, any idea?

3 A I don't think the Danes
4 have any knowledge of that.

5 Q It wouldn't be very
6 significant then?

7 A In the south of Greenland
8 it's very significant. There has been a great deal of
9 interaction there. In the east of Greenland, the Angmasalik
10 area, it's very low; and in the north of Greenland,
11 Umanak, Upernavik and the
12 Tule District, it's very low.

13 Q Right.

14 A I was at the top of
15 page 15, was I? I think that's where I was.

16 The answer to the second point
17 relating to hostile native reactions to the influx of
18 southerners, is also quite simple, it seems to me,
19 although controversial at this juncture (though
20 certainly not in the long run). It is probably true
21 that pipeline construction and development in general
22 will bring increased numbers of whites into the north.
23 Natives in the past have typically tended to back
24 away from competition with whites and to drop out
25 rather than risk competition or confrontation, as the
26 histories of Inuvik and other northern communities having
27 many non-whites -- non-natives -- show. We would
28 expect this pattern to continue for a while, although
29 the emergence of a much better educated younger
30 generation of natives who are showing talent for

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1 aggressive leadership and even for confrontation
2 tactics, may well change this significantly. Neverthe-
3 less, I feel we must anticipate conservatively, I
4 think, that the non-competition pattern will continue
5 to be the norm, at least for a while. How may these
6 feelings and tendencies be effectively counteracted?

7 The answer, I think, lies in
8 ensuring that native people have sufficient resources
9 at their disposal at the time that pipeline construction
10 activity begins in the north, to enable them to buy,
11 develop and control a substantial portion of the de-
12 velopment action that will surely mushroom at that
13 time. Thus they would not be bystanders condemned to
14 the sidelines or to underling positions while whites
15 plan, implement, and profit from the development
16 opportunities and ventures that would be inevitable with
17 a pipeline.

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1 Native people can do all these
2 things themselves and can enter into joint ventures with
3 whites where these are found to be mutually advantageous.
4 These developments would go far to forestall feelings
5 of powerlessness, exploitation and so on.

6 Another question during the
7 construction phase, what would be the likely impact of
8 white transients of the type that is generally characterized
9 as "typical construction worker", on native people in
10 the vicinity of the camp?

11 Earlier, during the phase four
12 hearings of this Commission -- during the phase four
13 hearings, this Commission heard some grim accounts of
14 the impact of the construction of the Alaskan Highway
15 on native people generally and of the impact of a some-
16 what distant mine, the Anvil mine, on the community of
17 Ross River in particular.

18 As Mr. Trusty has testified,
19 Canadian Arctic Gas intends to enforce a policy of not
20 allowing workers to leave camp during their off work
21 hours and it has established that it is legally possible
22 to enforce such a policy. Assuming reasonable union
23 co-operation this would seem to largely solve the problem
24 However, the skeptical may well reply that, "where there's
25 a will there's a way" and that those construction workers
26 will still find their way into the nearest community and
27 in brief, raise hell. A number of things should be said
28 in assessing this possibility.

29 In the first place, it must
30 be emphasized that the men will be working long hours a

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1 day, seven days a week at strenuous work during the cold
2 part of the year. These working conditions, which are
3 different in a number of significant aspects from those
4 described by Mr. Sharpe as obtaining at the Anvil mine
5 of which he spoke, will pretty drastically reduce the
6 number of would-be hell raisers.

7 Of course the fact of the matter
8 is that most of the men have no hell raising ambitions
9 anyway. In my observation around drilling camps and at
10 Nannisivik mines, the vast majority of such workers have
11 relatively little interest in involvement with native
12 people. They typically want to do their job, rest and
13 enjoy some recreation, ping-pong, pool, cards, watch
14 television or a movie, read, sit around drinking coffee
15 and talk and then get out, home, as soon as they can.
16 Those who are more boisterous and who do manage to slip
17 out of camp will typically find unlike those building
18 the mine near Ross River, that there are no roads and
19 thus, no transportation to the nearest settlement.

20 Taking into account the vigilance
21 of expanded R.C.M.P. policing and the willingness of
22 management to apply the stern disciplinary measures to
23 offenders, which aroused white and native public opinion
24 would demand, the prospects for successful control of
25 this potentially very serious problem seems very good
26 indeed.

27 Five, during the construction
28 phase, what problems might typically be encountered by
29 native people living and working in the camp in coping
30 with the work activity and in their interaction with their

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1 white co-workers?

2 The answer to this question
3 has been adumbrated in earlier testimony that I've given
4 in Inuvik and here in Yellowknife. A bit of historical
5 comment is in order.

6 During the past 15 years there
7 have been many examples of native people working along
8 side whites in industrial employment contexts. At the
9 nickel mine in Rankin Inlet, the gold mines of Yellow-
10 knife, mines at Lynn Lake Manitoba, Rabbit Lake, Saskat-
11 chewan, construction and operation of the Great Slave
12 Lake Railroad, on many seismic crews and drilling rigs
13 in the oil industry, and construction phase of the
14 Nannisivik Mine at Strathcona Sound, and at many pipeline
15 compressor stations in Alberta or Saskatchewan in connec-
16 tion with the Nortran Training Programme. With very
17 few exceptions in these situations, the northern natives
18 proved themselves to be quick at catching onto the demands
19 of the totally strange work situations in which they
20 found themselves, and thereafter cheerful and capable
21 workers in the positions to which they were assigned.

22 The result was that they
23 typically earned the recognition of management as pro-
24 ductive workers, which subsequently usually sought to
25 hire more, and the friendly respect of their fellow workers.
26 While a certain amount of self-segregation of native
27 and white workers in the dining halls and recreation
28 activities of these camps is found, similar in every
29 respect to that found between Francophone and Anglophone
30 workers in the same work camp, a considerable amount of

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1 friendly interaction tends commonly to develop as well.
2 It is particularly to be emphasized that these are
3 typically equalitarian relationships that become established
4 between white and native workers, not the dominant -
5 submission relationships that are typical between white
6 employers, R.C.M.P. officers, missionaries, government
7 officials and so on and their native workers, offenders,
8 parisoners, clients and so on. Thus, the impact of
9 this egalitarian association with white fellow workers
10 tends to show the native that he is as good a man as
11 the white and that he can master the whites work and to
12 a certain extent, his world.

13 These are very obviously very
14 important things for native people to learn. In the
15 very recent past, native people have moved with surprising
16 speed from the situation in which they were superior,
17 the guardians of whites trying to survive in the north
18 to one in which they were dependent on whites for housing
19 welfare money, health care, etc.

20 Their experience in wage employ-
21 ment shows that they are as good as the next white, not
22 just in their ability to master a job and work hard and
23 well, but also in their ability to advance up the promotional
24 ladder.

25 This is not to deny that they
26 will encounter some prejudice and discrimination in
27 such work situations. However, such attitudes and
28 behaviour are quite subject to manipulation by orders
29 and regulations as the experience of the U.S. Army in
30 desegregating itself demonstrates. Were he not employed,

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1 he would experience some prejudice and discrimination at
2 the hands of some whites anyway, and in a context tending
3 to deepen his understanding of their disdain for him.
4 Wage employment provides one of the best conceivable
5 opportunities for him to learn that he is not deserving
6 of put-down treatment.

7 It is possible however, to make
8 a series of suggestions that will tend to reduce, yet
9 further, the potential for prejudice and inter-ethnic
10 tension both between employees in the construction camps
11 and in the contacts that white workers may have with
12 native people in communities.

13 The following points are
14 relevant.

15 Briefing of both white and
16 native worker recruits on the history and culture of
17 the other group, their values, desired personality
18 characteristics, expectations in inter-personal relation-
19 ships, expectations in regard to super-ordinate-subordinate,
20 boss-worker relationships and so on.

21 Such briefing of white workers
22 was tried by Gulf Oil, mid season in the 1973 - '74
23 season with their drilling crews with considerable
24 success. Although the actual presentation was hurried,
25 on short notice, with a hastily gathered group who
26 had just come off shift or were about to go on shift,
27 considerable interest was shown in the material presented.
28 Questions were asked and answered and a number of men
29 always stayed on afterwards to discuss the matter after
30 the formal session was dismissed.

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1 THE COMMISSIONER: You gave
2 that presentation.

3 A I did, yes.

4 It is at least as important
5 to provide orientation sessions for native workers, as
6 it is for white workers. It would help to forestall
7 some of their behaviours which would spark prejudicial
8 reactions in whites as well as helping them to under-
9 stand and so to discount white behaviour, which they
10 found rude, insulting or boorish. These orientations
11 should perhaps be given in separate sessions to Inuit
12 and to Indian and Metis workers and the person giving
13 the briefing should, of course, be of the same ethnicity
14 as the group with which he is working.

15 Some of the more effective
16 persons to recruit to give this briefing might be successful
17 trainees in the Nortran Training Programme, who were
18 posted in southern Canadian -- to southern Canadian
19 sites. The fact that they have experienced total
20 immersion in a white work situation with white associates
21 would, in the case of the more observant and reflective
22 of them, give them an excellent basis for telling it
23 as it is.

24 It is particularly important
25 that white work supervisors be aware of certain aspects
26 of native psychology, experience and background which
27 influence their job performance. Similarly, supervisors
28 must be sensitive to potential language problems even
29 in those cases where a native apparently has a good
30 command of English. Here, the native worker may not be

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1 familiar with the slang or technical jargon that is
2 readily understood by white workers. The Gulf employ-
3 ment experience suggests clearly that when working with
4 a native work crew whose command of English is
5 questionable, the most effective procedure is to have
6 the crew working under a native "straw-boss", speaking
7 the same language as the rest of the crew. Where there
8 is such a straw-boss, whose English is fluent and who
9 is thoroughly familiar with the pattern of the work to
10 be done, the performance of the work crew tends to be
11 above reproach.

12 In addition, many native
13 workers work better when they have at least one fellow
14 ethnic co-worker, than when they are working only with
15 whites. This has implications for the perceptions of
16 white workers that natives are pulling their share, not
17 lazy.

18 Discriminatory benefits or
19 privileges, received by natives but not whites or vice
20 versa, should of course, be held to a minimum. But
21 such practices may well be necessary, as when native people
22 are permitted to miss a work rotation in order to go
23 hunting or trapping while whites who miss such a rotation
24 are disciplined. Where such differentials are necessary
25 they should be fully and carefully explained to the
26 non-benefitted group so that they do not come to see
27 themselves as discriminated against. Lack of adequate
28 explanation could produce prejudicial consequences.

29 In general, it is exceedingly
30 the important that rules be enforced as even handedly as

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1 possible across ethnic groups so that some groups are
2 not seen as being coddled. Gulf and other oil company
3 experience shows that older, and more traditional native
4 workers are typically dependable in sticking by a hard
5 unpleasant or tedious job in the absence of the foreman.
6 Young, acculturated native workers are much more prone
7 in such situations to find places where they can hide
8 out, grouping off until the shift is finished.

9 Young white workers often do
10 the same thing, of course. The important point is that
11 such young acculturated native workers, know exactly
12 what they're doing and what the consequence should be.

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1 They should therefore be
2 handled in the same way in terms of warnings, suspen-
3 sions, dismissal, as would comparable whites. I know
4 of cases where this did not happen because the foreman
5 felt that they should be given special treatment. The
6 results were disastrous for both the morale and the
7 prejudicial tendencies in the white crew members who
8 felt they had to work harder as a result.

9 As we have noted earlier,
10 the integration of white and native workers in status
11 equal contexts, wherein they work side by side and
12 in time discover their common humanity, is perhaps the
13 best technique for preventing the growth of inter-
14 racial tension or of reducing it where it already exists
15 at a modest level. By contrast, segregation of groups
16 is almost sure to promote misunderstanding, perceived
17 antagonism, discriminatory treatment, and a deepening
18 of tension.

19 Another question asked,
20 "What kind of response may be anticipated from native
21 people in the employment opportunities which the
22 construction phase of the pipeline will bring, and
23 what effects will pipeline employment have on the
24 native people who accept this employment?"

25 A response to the first part
26 of this question may be inferred from the responses of
27 native people to the Alaska Pipeline in Alaska, and
28 from the responses of the native people to employment
29 opportunities in the Mackenzie District of the N.W.T.
30 generally. It is apparent that there has been considerable

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1 native interest in pipeline employment opportunities
2 in Alaska. There has also been considerable expression
3 of dissatisfaction with the Fairbanks-based hiring
4 arrangements which made it very difficult for less
5 accessably situated natives to obtain such employment.
6 However, it is particularly interesting that many
7 natives appear to be strongly oriented toward the
8 less highly remunerative, but nevertheless more perman-
9 ent employment opportunities available with the native
10 corporations. Thus it appears that native interest in
11 pipeline employment in Alaska has been a critical
12 interest, reflective of the income needs which people
13 at least partially integrated into a monetary economy
14 do have, but it is also reflective of their concern even
15 in the midst of a mind-boggling boom period, to make
16 the best long-range economic provision for themselves
17 that they can. There is no reason to think that native
18 people in the Northwest Territories will be less respon-
19 sive or less shrewd in their choice at a time when
20 similar employment opportunities may become available
21 to them here.

22 The recent employment
23 experiences of native peoples in the Northwest Terri-
24 tories help to round out this picture. During the past
25 15 or more years, native people have been involved
26 in industrial employment at Rankin Inlet and Strathcona
27 Sound on a rather large scale, and at Lynn Lake,
28 Yellowknife, and Pine Point as well as other mining
29 developments, and on the Great Slave Lake Railroad on
30 a small scale. They have been involved in exploration

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1 employment in the Mackenzie River drainage and in
2 the High Arctic Islands, again on a large scale. And
3 they have been involved in industrial training in the
4 Nortran program in rather large numbers, particularly
5 in the south. From their response to these opportunities
6 the following generalizations may be drawn:

7 (1) Many native people are strongly attracted to
8 industrial employment opportunities, as all of the
9 preceding examples show, even when it involves
10 extensive dislocations such as a relocation to southern
11 Canada, as in the Nortran and the Great Slave Lake
12 Railway programs, or isolation from home community
13 for six weeks at a time, as in the construction of the
14 Nannisivik Mine at Strathcona Sound.

15 (2) However, naturally they prefer permanent employment
16 in their home community to seasonal employment away
17 from home. Thus many of the seasonal workers employed
18 in exploration ventures have quit when permanent
19 employment at home opened up to them. The "Inuit Monthly"
20 recently carried a story on oppositon in Clyde River
21 and Pond Inlet, particularly, to the six weeks of
22 separation from home and family that employment at
23 the Nannisivik Mine would impose.

24 (3) There appears to be more enthusiasm among the
25 Inuit, typically, than among the Dene, for such indus-
26 trial employment. This is particularly clear in the
27 -- this is seen particularly clearly in the general
28 disinterest in mining employment with the Yellowknife,
29 Pine Point, and other mining developments in the
30 southern part of the Territories, where attempts to

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1 recruit Dene workers have met with very little success.

2 (4) However, under certain circumstances the Dene
3 response is much more enthusiastic. These exceptions
4 appear to fall into two categories. The first is
5 when employment has a distinct and bright future, as
6 in that offered in connection with the Nortran training
7 program. Another example is seen in the successful
8 recruitment of Indian workers by Gulf Minerals for
9 their mine at Rabbit Lake, Saskatchewan. The crucial
10 feature here appears to be that no Indians were
11 hired for unskilled work; all were hired for training
12 as truck drivers or mining equipment operators, or
13 for other skilled work.

14 The second exception is when
15 the employment is strictly seasonal, as in employment
16 at the Hire North right-of-way clearance and heavy duty
17 equipment operator training camps, and the oil exploration
18 employment, none of which have had difficulty
19 recruiting many Dene workers.

20 The implications of this for
21 the response of native people to pipeline construction
22 employment opportunities are that many will prefer the
23 more permanent and/or home-based employment that may
24 well increase in availability, simultaneously. However,
25 many others will certainly be attracted to the
26 seasonal employment assuming that recruitment offices
27 are quite accessible and the red tape involved in
28 securing the job is minimal. It must be expected that
29 during the first construction season, a few workers
30 will work no more than one or two rotations, a few
more will work a bit longer, perhaps the modal number

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1 will work 3/5ths of the work season, and a few will
2 work throughout the whole season -- something approach-
3 ing a curve skewed toward the whole season, in brief.
4 This expectation is based on experience from employment
5 of workers from Inuit communities -- Coppermine, Arctic
6 Bay, and Pond Inlet and Igloolik -- in oil exploration
7 and at Strathcona Sound. During the second work
8 season, the work commitment will improve noticeably,
9 and this improvement will continue to be manifest for
10 several years thereafter.

11 This prognosis is based on
12 the assumption that the flexible policies described by
13 Mr. Hollands will be implemented. Men will be
14 permitted to skip work rotations when they request such
15 to hunt or trap, or remain home when there is sickness
16 in the family, etc; that they will be handled gently
17 by foremen, not brusquely or profanely, and that
18 foremen will exercise patience in repeating instructions
19 to native workers when necessary, and will accept
20 mistakes as regrettable, but without display of emotion,
21 when they are committed by native workers. In the
22 absence of this sensitive treatment, at least during
23 the first season, the rate of quitting would be very
24 much higher, and progress toward acquisition of a sign-
25 nificant commitment by native workers will be delayed.

26 Lest it should seem that these
27 problems of early quitting are distinctively character-
28 istic of native workers, however, I should point out
29 that my comparative study of native and white employees
30 for Gulf Oil showed that quitting after a few rotations

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1 was very common among white roughnecks and roustabouts
2 as well. No less than 39% of the former (the roughnecks)
3 and 25% of the latter (the roustabouts) quit after
4 working only two weeks, and 68% and 40% respectively
5 worked no more than six weeks during the 1973-74 season.

6 There need be no fear that the
7 impact of wage employment will be to make "little
8 brown white men" out of those employed. The supplemental
9 tables and discussion which Dr. Asch presented to this
10 Commission, which showed that the exploitation of tra-
11 ditional resources continues at a high level in Fort
12 Simpson, where there has been a great deal of wage
13 employment available to native people for at least the
14 past 15 years or more, makes this clear. More generally,
15 so does the lifestyle of many Metis semi-skilled and
16 skilled workers who live in the population centres
17 around Great Slave Lake -- I base this last not on
18 a systematic survey but on many conversations which I
19 have had with such people over the years. Similarly,
20 the people of Coppermine watched a great deal of
21 color television during this past winter when there
22 was very little else to do. However, with the coming
23 of spring and the early closing of school, which was
24 negotiated there, most of the families have gone off
25 to their sealing and fishing camps, and although
26 portable battery-operated T.V. sets are available at
27 the store, apparently no one has felt the need to buy
28 one to take out to camp. Basically, the frontier
29 culture described by Honigsmanns is continuing to
30 evolve, in many cases, in the direction of increasing

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1 dependence on wage employment but with continuing
2 dependence on fish and small and large game from the
3 country. The dual economy continues to persist quite
4 strongly.

5 It might be added that this
6 pattern is not only precisely compatible with pipeline
7 employment, but in fact is ideal for permanent employ-
8 ment in that it provides people with intrinsic reasons
9 for wanting to remain in the more isolated regions
10 where much of the employment will inevitably be,
11 rather than wanting soon to be able to move to the
12 bright lights of the south, the south of the Northwest
13 Territories or the southern provinces.

14 I was asked what are the
15 ramifications for natives if they take permanent jobs
16 (for example at a gas plant) that require their being
17 away from families on a regular rotational basis.

18 In replying, I noted that
19 there are a number of responses that must be made to
20 this important question. The first is that throughout
21 virtually all of the study region, such periodic
22 interruption of family life has been a common aspect of
23 native experience for the last -- that should be 50
24 rather than 20 -- the last 50 or more years in many
25 cases. Men have had to leave their families to work
26 trap lines, to go on extended hunting trips, or to
27 accept wage employment, including, for example, fire-
28 fighting. The fact that it has been a common feature
29 does not, of course, mean that it is a desirable
30 feature, but it means that native people in the Northwest

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1 Territories are at least as well prepared for it as
2 are white families in Southern Canada who themselves
3 experience this in a small proportion of cases. The
4 student of comparative family systems must argue that
5 the native family, in most cases, is better prepared
6 to cope effectively with the absence of a father than
7 are white families. The greater solidarity of the
8 small settlements in which most native people live
9 and the extent to which the extended family persists,
10 and comes to the assistance of its individual members
11 means that the resources available to the native nuclear
12 family for coping effectively with the absence of
13 the father are greater than are the resources available
14 to Southern Canadian -- to the Southern Canadian white
15 family in similar circumstances.

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1 I must add that perhaps for a
2 variety of reasons, the initial tolerance of younger
3 native men for this kind of family separation appears
4 to be distinctly less than is the tolerance of middle-
5 aged men, whose attitude is that they must "toughen
6 it out", according to the experience of Gulf and
7 Pan Arctic in employing Inuit. It is to be expected that
8 as native people become more acculturated to southern
9 Canadian attitudes and living patterns, they would
10 express many of the same reluctances as young southern
11 Canadian men would if faced with the same alternatives.
12 In fact, the very high turn-over rates among young white
13 workers in certain categories of employment which we
14 established among those working in oil exploration for
15 Gulf Oil during the '73-74 seasons, noted earlier, is
16 a case in point.

17 Perhaps the main point to be
18 emphasized is that younger northern native workers
19 increasingly have the same kinds of ambivalent, if not
20 distateful reactions to rotation work schedules that most
21 young married southern Canadians would have. Accordingly,
22 where natives are interested in and willing to accept
23 such employment on an operating gas line, they should
24 be accustomed to it gradually. The company should be
25 prepared during a breaking-in period to accept some
26 irregularity and undependability which is not tolerated
27 in experienced southern Canadian workers, even at the
28 price of some redundancy in its work force. This would
29 give the new native employee time to adapt and to become
30 socialized to the restrictions as well as the advantages
of this position. However, the expectations regarding his

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1 dependability should be steadily and gradually upgraded
2 so that by the end of an adequate adjustment period
3 perhaps a year or 18 months, he would be expected to
4 meet prevailing standards.

5 In addition to responding
6 to these questions, I pointed out to Canadian Arctic
7 Gas that there would be some important sociological
8 and social psychological consequences for native
9 people, devolving from pipeline or other large scale
10 employment opportunities which I felt should be recog-
11 nized.

12 The sociological consequences
13 would include consequences for the social structures of
14 communities, bands, and so on, the stratificational or
15 prestige systems, the cultural heritage, values, norms
16 and so on. The social psychological consequences would
17 be consequences for self-concept, sense of identity,
18 motivation and morale of the people affected.

19 In regard to social structure:
20 It seems apparent that the general policy of the
21 Federal Government is development oriented generally,
22 irrespective of whether the pipeline is built or not.
23 The native people are obviously happy to take advantage
24 of the resulting employment opportunities. Fort Wrigley
25 people working on the Mackenzie Highway, Coppermine
26 people employed by Gulf Oil, Pond Inlet and Arctic Bay
27 people employed by Pan Arctic Oil, Igloolik people
28 employed at Strathcona Sound are all relevant examples
29 of this fact. Thus, the social structures in many
30 communitiies -- the economic system of the community and

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1 how this interrelates with the family, education,
 2 social control, recreation, health, education and so
 3 on -- are already in the process of massive change.
 4 Much of this change, as we have noted earlier, has
 5 been ^{unmistakably} welcomed by the native people affected.
 6 I must confess it seems rather presumptuous to me for
 7 whites to tell them what they should or should not want
 8 for themselves, for their communities and for their
 9 children as some of those who have testified seemed to do.

10 In regard to stratificational
 11 or prestige systems: Again, it is apparent that
 12 massive changes are underway in this aspect of northern
 13 communities and bands. A major influence is the great
 14 changes in economic opportunities which tend to
 15 substitute new for old sources of status and generally
 16 down-grade the mature and the elderly who traditionally
 17 held high status, and upgrade the young and the sophisiti-
 18 cated. The income and opportunity inputs from
 19 development activities are substantially responsible for
 20 these changes. However, there are other significant
 21 influences as well. One example would be the Native
 22 Brotherhood which has tended, to some extent, to undercut
 23 the band chiefs and band councils, whose authority is
 24 more (though certainly not completely) traditionally
 25 based and increase the influence and prestige of the
 26 young people who have left the community for a time.

27 In regard to culture, values,
 28 norms; the relevant discussion has been largely developed
 29 above. In most areas of the Mackenzie drainage, the
 30 traditional culture, values and norms have already been

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1 displaced to a great extent. The exclusive impact of the
2 schools, up until the late 1960's and their overwhelming
3 impact since then, has been to displace the traditional
4 culture from a southern cultural orientation in class-
5 room students as I have noted earlier. The impact of
6 paid employment on the worker is always to some extent
7 in this direction as well. The only alternative to this
8 would be to try to maintain northern peoples and northern
9 communities as some kind of "museum piece" and no one
10 wants that, although some of the testimony before this
11 Commission has come dangerously close to advocating this
12 retrograde position, I fear. The relevant argument is
13 surely that northern people should have a strong voice
14 in the course of development that their social structures
15 and their cultures take. It is noteworthy that the
16 pipeline proposals, and the ensuing discussions have
17 greatly facilitated this. This has been dramatically
18 illustrated during the course of the hearings of this
19 Commission.

20 There are some significant
21 social psychological consequences of construction of the
22 pipeline as well or other large development obviously.
23 In regard to the self-concept, there can be no doubt that
24 one of the consequences of the protectionist and welfare
25 emphasizing programs of the governments for the native
26 people has been to impair their self-concept, to imply
27 and even emphasize their ineffectiveness and their
28 inability to cope with the circumstances that beset them,
29 their almost child-like need for white professional
30 caretakers, to teach them as one old Inuk man put it to

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1 me bluntly 12 years ago "White man good, Eskimo no good".
2 As another Inuk said:

3 "In the old days, the big people used to sit around
4 and talk and the children would gather around and
5 listen. Now, when the children return from board-
6 in school, the children sit around and talk and
7 the big people gather around and listen."

8 Thus people who were once
9 proudly independent and self-sufficient have to a great
10 extent, been made to feel ineffective and dependent --
11 the price for saving the lives of very many people who
12 otherwise would have died of disease, starvation, acci-
13 dents, and so on. The point is that the white contact
14 and the government programs have already ravaged the
15 self-concepts of most native people. The pipeline can
16 do little damage not already done. But a further aspect
17 of the recent history of the north has been the impossibi-
18 lity of escape from dependency and welfare. There were
19 far too few jobs in many areas and hunting, fishing
20 and trapping could not, under conditions of settlement
21 living, provide support for a family throughout the
22 year. Thus, the prospects that the pipeline provides
23 for substantial employment -- and I deleted the next
24 four words yesterday, that may be remembered -- for sub-
25 stantial employment is the most important current prospect
26 for salvaging the self-concepts of native people. It
27 should provide the opportunity for the native to become
28 reasonably prosperously self-sufficient and to prove to
29 all that with comparable training, he is just as good
30 as the white and as my Gulf research shows, that in the

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1 north, he is better.

2 In regard to the sense of
3 identity, many of the points discussed above are
4 relevant here as well. The destruction of the traditional
5 lifestyles of the native people has discredited and
6 invalidated the senses of identity that were associated
7 with and appropriate to those lifestyles. The identities
8 associated with dependency and welfarization have in-
9 evitably been negative identities, as have the pre-
10 judicial self-designations acquired by native children in
11 white dominated schools. Adequate work, which is well
12 paid and at which one can excel provided by the pipeline
13 and the opportunity to fully participate in many
14 related developments and the control of substantial
15 resource developments to establish enterprises which
16 will be made more lucrative by the pipeline -- these
17 offer the best prospects to facilitate native identifica-
18 tion with new identities, which are prideful and
19 relevant to the world in which native people must live
20 today.

21 In regard to motivation and
22 morale , it must be noted that dependency, and the lack
23 of opportunities to act consequentially and to work,
24 are of course massively destructive of motivation and
25 morale as numerous studies of the social psychological
26 effects of the Great Depression have demonstrated.
27 This has been the situation of very many native people
28 in the north between 1950 and 1970 and for many, it
29 yet is. The most effective antedotes to the low
30 motivation and morale, are to make rewarding opportunities

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1 to work, opportunities for prospects extending beyond
2 tomorrow, available to them. Given the relative over-
3 population of many areas by native people now and their
4 continuing high rates of natural increase, the motiva-
5 tion and morale of many natives must continue to deter-
6 iorate unless massive new opportunities open up. Again,
7 the relevant and currently unsurpassed promise of the
8 pipeline is apparent.

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In summary, in regard to virtually all of the above points the conclusion must be that the damage has already been done and/or is perpetuated and deepened by dependency, welfarization and the lack of opportunity for employment and opportunity for acting independently, self-sufficiently and consequentially. The pipeline would make massively available this variety of opportunities. These latter problems are made yet more serious by the population explosion among native people in recent years, which is producing larger native populations than were ever before able to live off the land in the area of the Northwest Territories. About half the current native population is no more than 15 years of age, and typically little trained in the skills required to live off the land and with little interest in the lifestyle that that presumes, as Smith's research shows, deepens the current difficulty. However, it also points to the obvious solution in terms of development which would support the rapidly growing population and use the skills and dispositions which increasing numbers of people, especially young people, are acquiring.

The beauty of the situation is that of course there is no need to opt for an either-or choice. In the Territories today it is possible to have your cake and eat it too, to simultaneously provide for increased development and increased utilization of the renewable resources of the land. The fact that the in-gathering of the Dene and the Inuit to the

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1 settlements has recently depopulated large areas
2 means that return to increased living off the land is
3 possible for those who would prefer it. The recent
4 resurgence of interest in satellite communities out on
5 the tundra or in the bush suggests current and relevant
6 ways in which such back to the land interests may best
7 be implemented. But development is also clearly needed
8 to permit the many native people who would prefer
9 a more wage and salary oriented lifestyle which involves
10 easy access to the land and to the bounty of fish and
11 game the land offers, to enjoy this way of living as
12 well. The dilemma and the opportunity which confronts
13 this Commission is to attempt to ensure that opportunities
14 for living on the land, and for development are both
15 safeguarded, and that the safeguards of each do not
16 undercut the viability of the other.

17 Now, I want to make a brief
18 statement describing the bit of original research that
19 I did for Arctic Gas.

20 MR. STEEVES: Can I speak to
21 that for a moment, Dr. Hobart? Dr. Hobart has prepared
22 a study which he's mentioned he's now going to turn to.
23 It's entitled:

24 "Alcohol Sales and Illegal Behavior."

25 THE COMMISSIONER: Called what?

26 MR. STEEVES:

27 "Alcohol Sales and Illegal Behaviour."

28 A study of some communities in the Northwest Territories,
29 and he'll explain, I think, that it's an extension in
30 a modified way of ^{the} research that he did at Coppermine,

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1 a report on which he gave you at Inuvik during those
2 hearings. I've circulated copies of this study amongst
3 counsel and the parties. Dr. Hobart, I understand, is
4 going to refer to conclusions after he describes
5 briefly the methodology he used.

6 Do you have a copy?

7 THE COMMISSIONER: Yes, I have
8 a copy.

9 MR. STEEVES: Have you got a
10 copy?

11 A In this brief report on
12 my research into alcohol sales and illegal behaviour,
13 I want first to make a short statement about how the
14 research was conducted and then read the conclusions
15 that I drew from this study.

16 The original aim was insofar
17 as possible to replicate the statistical aspect of the
18 impact study I've carried on in Coppermine for a
19 number of years in the Mackenzie corridor area, relating
20 alcohol consumption levels to child neglect as indexed
21 by respiratory infections in infant and pre-school
22 children, to incidents of drunken woundings and to
23 law violation. It was established in the course of
24 research visits to each of the communities of the
25 corridor that this was not possible. Community specific
26 alcohol consumption data were not available, nor were
27 there easily accessible data on respiratory infections
28 in children, or violent woundings going back to years
29 before the building up of the oil exploration activities
30 in any of the Mackenzie corridor communities.

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1 Following these setbacks, the
2 following course of action was followed. The comprehen-
3 sive picture was reviewed for Coppermine, Arctic Bay
4 and Pond Inlet for which communities comprehensive
5 data was available. However, for the Mackenzie communities
6 the best I could do was make use of such liquor
7 sales and law violation data as are available. These
8 include national, territorial, and sub-regional data
9 on liquor sales and certain national, territorial,
10 and local community data on law violations. These
11 data are converted ^{to} in rates annual per capita sales
12 in the case of liquor data, and violations per 1,000
13 population in the case of the law violation data.

14 Analysis of variations and
15 the rates of these two indices together with the data
16 for Coppermine, Arctic Bay and Pond Inlet, provided
17 the basis for the following conclusions.

18 The first conclusion is that
19 there have clearly been some employment situations
20 when the impact at least as measured by the indicators
21 for which I have been able to obtain data --

22 MR. STEEVES: Excuse me,
23 Dr. Hobart, are you reading now from your study?

24 A Yes. I am reading from
25 page 37, beginning with the second sentence in the
26 last paragraph. Page 37.

27 Q O.K., right.

28 A Last paragraph, the
29 second sentence.

30 Q While I'm interrupt-

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1 ing you, in your explanation of the methodology, have
2 you explained to the Inquiry what badge you used or
3 sign you used to assess the incidence of child neglect?

4 A Yes, I mentioned that.

5 Q O.K.

6 A The first is that there
7 have clearly been some employment situations wherein the
8 impact, at least as measured by the indicators for
9 which we have been able to obtain data, has been light
10 and of brief duration. The outstanding example of
11 this is Arctic Bay, but Pond Inlet and Coppermine are
12 both clear-cut examples as well. It might initially
13 appear that all of these were communities in which the
14 men were primarily employed on rotation employment at
15 considerable distance from the home community. However,
16 the employment of many men from Arctic Bay at Strath-
17 cona Sound for the past two years challenges this
18 conclusion. I have the impression that all of these
19 have been rather prideful communities, which have been
20 able to take the adjustments necessitated by rotation
21 employment in stride.

22 The data for the Mackenzie
23 River communities show very great increases in
24 liquor consumption, amounting to almost 200%, during
25 the period from 1960 to 1972, after which there was a
26 slight decline. The data for the study area for the
27 component regions and for the individual communities
28 shows that the correlation between liquor consumption
29 and convictions of offenders brought before the Magis-
30 trate's Court is far from perfect. In fact, the

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1 relationships with convictions for liquor offences
2 is an inverse one for most of the regions, and communities
3 we have considered. For the whole of the study area,
4 the rate of convictions for non-liquor offences tended
5 to remain fairly low, around 32 per 1,000 until about
6 1969. After that it jumped and showed evidence of
7 continuing to rise thereafter. There is more variation
8 in the pattern among the individual communities. In
9 some, Fort Norman and the delta satellite communities,
10 for example, this rate has remained low throughout
11 the study period. In others it has risen for a while
12 and then subsided during the past five years -- during
13 the past 15 years, as in Fort Good Hope. In both the
14 larger and more heavily impacted centres, Fort Simpson
15 and Inuvik, there has been a significant rise only in
16 the last five to seven years. Only this latter pattern
17 correlates generally with the liquor sales data.

18 The data for the Mackenzie
19 River communities do show that increased rates of
20 law violation have reached very high levels in some
21 communities. In discussing this phenomena, the Gemini
22 Report makes the point that in very small communities
23 the possibilities that offenders might escape detection
24 and being detected, could escape conviction, are very
25 much smaller than they are in the communities where most
26 white Canadians live, where the incidences of detection
27 and of conviction are notoriously low. To this we should
28 further add the apparent increasing tendency for native
29 people in the Territories to lay charges against offend-
30 ing fellow townsmen because of the frequent availability

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1 of telephones makes it easier to contact the police,
2 and because the pressures which inhibited laying
3 charges in the past seem to have weakened considerably.

4 These explanations can account
5 for only part of the increase, however, and are
6 least relevant to the larger centres. There can be no
7 doubt that the impact of development has been accompa-
8 nied by substantial increases in commission of offences.
9 However, there is evidence for concluding that some
10 of these communities have turned the corner in the
11 adjustment process so that their offence rates appear
12 to be coming down. This is particularly the case with
13 respect to Aklavik, Fort McPherson and Tuktoyaktuk.
14 Here liquor ordinance offences which were consistently
15 rather high throughout the 1960s, declined at the end
16 of the decade and have been consistently quite low
17 since then. Similarly, the rates of other offences
18 jumped moderately for three or four years, following
19 the onset of the boom about 1968, but thereafter
20 returned to pre-boom levels. Since the levels of
21 exploration employment have reached -- remained high
22 at least throughout the 1974-75 season, there is no
23 basis for suspecting that this decline is attributable
24 to lower rates of highly paid exploration employment.

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1 THE COMMISSIONER: Excuse me,
2 Dr. Hobart, what about the per capita consumption of
3 liquor in Aklavik, Fort McPherson and Tuktoyaktuk.
4 What tendency did it display in that same period?

5 A As I mentioned, it wasn't
6 possible to arrive at community specific consumption
7 rates. All I have is --

8 Q They all have liquor
9 outlets.

10 A No, only Inuvik has a
11 liquor outlet.

12 Q Right.

13 A So that all of those
14 are dependent on Inuvik and I have the data for sales
15 from the Inuvik store, 1961 through 1975, but you can't
16 go on from that to say, this portion of that total sales
17 went to each of those settlements.

18 Q So we just have the record
19 of offenses.

20 A For the --

21 Q The three outlying.

22 A Exactly, and the assumption
23 I would tend to make would be that probably liquor
24 consumption in the communities tended, roughly to
25 approximate the increase in sales for the whole region.
26 But there's no way of independently disproving or verifying
27 that assumption.

28 Q What -- if those communities
29 had turned the corner, which may be drawing a longish
30 bow on those offence statistics.

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1 A I agree.

2 Q But let's suppose they
3 have. Why would that have occurred? Do you have any
4 reason for that, for saying that? Not for saying that,
5 is there any cause that you could assign?

6 A Well, let me argue by
7 analogy, just briefly. The Inuvik data show a distinct
8 decline from 1960 to 1964 or '65 or so. I think what
9 we had there was a situation of people moving into a
10 new town with new facilities and they made the most
11 of those facilities until they became adapted to them,
12 as it were. Until the newness wore off.

13 I think in the case of the
14 smaller delta communities, these communities were coming
15 out of the period of the late '50's and the early
16 '60's when things were really pretty rock-bottom low.
17 Then, there was an increase in money available and there
18 was a bit of a jump, but then, I think again, there
19 was an adaptation to the more -- to the greater resources
20 which became available, but the adaptation took a little
21 time.

22 Q Okay, sorry, carry on.

23 A Well, so that in effect,
24 when you get a fairly abrupt change, then people with
25 new resources are able, among other things, to buy more
26 liquor and that has an impact in law violations and
27 so on.

28 Q Right.

29 A What happens after that is
30 that, well, there are two patterns discernable. In

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1 Coppermine, Arctic Bay and Pond Inlet there's a sub-
2 sequent decline in liquor consumption. In the delta
3 data don't appear to show that, but it suggests that
4 they learn to handle liquor with lower incidences of
5 other sorts of offences resulting than in the initial
6 period of increased affluence and increased liquor
7 consumption.

8 Q Right.

9 A Our data show quite
10 clearly that it is the more central towns, Fort Simpson
11 and Inuvik, which are strategic as transportation,
12 communication and distribution centres, and have liquor
13 outlets which show the highest incidence of convictions
14 for both liquor and other offences. They also probably
15 have the highest rates of per capita of liquor consumption,
16 although I'm speculating there, obviously.

17 It is noteworthy that the
18 rates of non-liquor offences in these centres have
19 shown only a slight tendency to decline with the reduced
20 rates of exploration activity which have been apparent
21 during the past year. Our data suggest generally that
22 it is high employment, together with availability of
23 liquor rather than availability of liquor alone which
24 results in high offense rates.

25 Q High employment, which
26 means that people have cash.

27 A Yes.

28 They suggest further that the
29 problems which surfaced during these boom times, in the
30 more central towns may become particularly entrenched

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1 there, as compared with the small communities, and if
2 that is true, I suspect it's at least in part a selection
3 mechanism that's operating there. That is, people who
4 are less able to handle liquor and who want to have
5 daily access to liquor, as it were, tend to cluster in
6 the towns where it's available, moving away from the
7 towns where it is only sporadically available, if you
8 will.

9 This is, of course the same
10 pattern as is found in the larger population centres in
11 the south. I am told by the Justice of the Peace in
12 the Inuvik that 'tighter employment situation which has
13 obtained since last fall has had the consequence of sig-
14 nificantly reducing the number of offences committed
15 since that time. The tabulations are not available to
16 support this impression.

17 Now, since I wrote this, I have
18 been able to obtain data from Division G of the R.C.M.P.
19 which show that the liquor offences in Inuvik during
20 1975 fell off sharply, but the personal and property
21 offences did not. So that, there's the entrenchment
22 phenomenon that I alluded to before again.

23 In summary, within the limits
24 of the data available, the research which I have
25 reported on shows that there are development impacted
26 communities where significant problems have not developed.
27 There are communities where moderately severe problems
28 have developed but they appear to be on the wing, and
29 finally, there are communities where problems have not
30 clearly been resolved or where they are continuing unabated.

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1 Inevitably, the largest and most rapidly growing centres
2 are the best examples of this latter category.

THE COMMISSIONER:

3 I gather that COPE intends
4 to call some evidence about the use of liquor, is that
5 right, Mr. Bayly?

6 MR. BAYLY: That's correct.

7 THE COMMISSIONER: Well, I
8 have no doubt that Mr. Bayly's witnesses may touch on
9 your own study, Dr. Hobart, but -- and if they do and
10 you have further comments, you might, through Mr. Steeves
11 send a letter to the Inquiry. I shouldn't think it would
12 likely be necessary for you to return at that time, but
13 I have no doubt they will comment on your study and ^{it} might
14 be agreeable to all concerned if you dropped us a note
15 to let us have your views in reply, should it come to
16 that.

17 Returning -- we'll break for
18 coffee in a minute, but maybe I could just raise a few
19 points before we do.

20 This point you made in your
21 evidence that white contact and government programmes
22 have already ravaged the self-concepts of most native
23 people, that ^{the} pipeline can do little damage not already
24 done. The-- and you say that those who -- and I'm putting
25 this very roughly, those who are opposed to the pipeline
26 seeking to ensure that the native people are able to
27 continue their old way of life in pristine surroundings
28 are really consigning them to a living folk museum and
29 that you describe that as presumptuous, and it may well
30 be. But, you haven't touched on something in your presenta-

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1 tion that I'm sure you must have thought about. You see
2 in the native villages they would probably agree with
3 you that government programmes, white contact have done
4 a great deal of damage. Many of them say, well now this
5 pipeline is all that's needed to finish us off, that's
6 putting it very roughly, now you're saying that properly
7 managed, the pipeline can enable them to secure wage
8 employment and yet retain the elements of an old way
9 of life they wish to continue to pursue.

10 A M-hm.

11 Q In particular, you argue
12 that the pipeline project would not infringe upon the
13 bush economy, which as we have seen, still thrives in a
14 way.

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I

1
2 understand your case. But they have said to me,
3 "Well we've heard that song before". You know, that's
4 what they are saying and we've heard it from Pine
5 Point. We've heard it from every other white employer
6 that has come in here.

7 To be fair, certainly the
8 oil companies in the delta have gone to lengths that
9 no other private employers have, to give the native
10 people opportunities for employment. But putting all
11 of that to one side, we come back to this question
12 of native aspirations, and one thing that runs through
13 their speeches delivered to me at hearings in the
14 communities is self-determination as a people --
15 land claims and self-determination and they're all
16 wrapped up together. Land claims means an awful lot
17 more than land.

18 It means a measure of self-
19 determination. It means, to them, as I understand it,
20 that they would secure some measure of control over the
21 developments that occur on the land. They would secure
22 a share of the revenues that accrue from the land and
23 the Inuit people have asserted a claim to a 3% royalty
24 for example. They say that they should have control
25 over what is taught to their children in the schools.
26 They say that in ways that they haven't yet worked out,
27 and I don't think they can be blamed for not having
28 done so, these things are recent in terms of their being
29 in a position to express their desires in this respect.
30 They want a measure of self-government. I put it in that

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1 way because that's about as far as we can go, given what
2 we have been told by people.

3 Now, you have -- and they are
4 afraid that if you go ahead with this pipeline project
5 that the pattern of development established in the
6 past will become entrenched with the possibility of their
7 securing a measure of control over the land, a share of
8 the revenue from the land, the control of what is
9 taught to their children, the perpetuation of their
10 culture and the measure of self-government -- That all of
11 these opportunities which they feel lie within their
12 grasp now will be lost. That is why they say "No
13 pipeline before land claims".

14 Now, that seems to me roughly
15 what people have been saying to me here for more than
16 a year. Do you have any comment on that? If you don't
17 wish to, you don't have to. But if you want to say
18 anything about it, I'd like to hear from you.

19 A Yes, I do have a comment.
20 I think I need to comment more lengthily rather than
21 very briefly.

22 THE COMMISSIONER: Well, why
23 don't you do that after coffee then, if you wish?

24 A Fine.

25 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
26
27
28
29
30

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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Well Dr. Hobart, you wanted to comment on what I have said and please feel free to do so, and at length.

WITNESS HOBART: Thank you. I think it's apparent that my own personal current concern -- my profound personal concern -- if I could put it that way, has been with the availability of human employment opportunities. That's the thing that I think I have expressed more consistently here than anything else.

If one could be quite sure that you could have both land claims settlement in the order that the native people have repeatedly said they wanted and the permanent employment opportunity as well, then the answer would be very easy to my way of thinking. By all means, settle the land claims first and then go on to a pipeline permit if that emerges. The trouble with that as I understand, is that there are not good prospects for imminent settlement of the land claim. It appears I gather that past a certain point, the pipeline option may simply disappear insofar as it is dependent upon Alaskan gas to --

Q Yes, that's sort of a geopolitical consideration that is up there, and we have to bear it in mind.

A Yes. Which affects importantly the availability of jobs or not. Well, so that it seems to me then to be really a very tough choice and I have to say that if I was in your position

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1 having listened to all you have listened to, I really
2 don't know how I would respond in terms of my situation,
3 which is obviously all I can do. I've thought a lot
4 about this as you said, and on the one hand, there are
5 employment benefits and there are short-range employment
6 benefits and they are flawed in certain respects by some
7 of the problems that will come with construction.

8 There are middle-range employ-
9 ment benefits in terms of the O & M kinds of jobs and
10 those are not particularly flawed, it seems to me.
11 There are yet longer range employment benefits, because
12 some middle range employment benefits, I would argue
13 must be employment coming from native ^{people} buying into
14 development opportunities that would come at that stage.
15 So, there are in prospect then, long range employment
16 benefits in terms of people controlling a significant
17 portion of the enterprises that become established in
18 the north from here on out.

19 That's the plus side. The
20 minus side is insofar as native people come to feel that
21 they have been unjustly treated -- that they have been
22 violated. Insofar as there is prolonged resentment and
23 bitterness resulting from that kind of course of action,
24 it could outweigh all of the benefits obviously, and
25 it could be very costly both for the native ^{people} themselves
26 in terms of a population up here brooding perhaps even
27 for several generations on that kind of theme. It would
28 obviously be bad for Canadian society as a whole, insofar
29 as this is an important component of the Canadian
30 society and an increasingly important component.

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1 Well, now I'd lean then in
2 this direction. The most important point is the third
3 point I want to make. It seems -- well, I must repeat
4 that I am very much torn between people not having
5 jobs for ten years and more versus the bitterness.
6 That's an awful choice I think. It seems to me that
7 one can make this case and I would argue that this
8 case should be seriously considered. That perhaps
9 a permit before claims might work under three conditions.
10 The first few I have already talked about. That is that
11 native people have employment along the whole range of
12 skills and so on. That resources be made available
13 to native people so that they can buy very substantially
14 into the development action. I'm not talking about
15 tokenism at this point. I am saying that they have got
16 big pieces of the action.

17 The third and most critical
18 point is if it's possible to assuage native feelings
19 that they're having their resources ripped off by
20 some sort of Territorial royalty which would go at
21 least in part into a native heritage trust, so that it
22 was not simply a rip off game that they were guaranteed
23 before the permit was given. That there would be an
24 aspect of the profit to be made from the whole venture
25 that was put to their purposes and their concerns.

26 Q Well, thank you. Thank
27 you very much. Could we go on then to Mr. Trusty as --

28 MR. STEEVES: Yes, could Mr.
29 Trusty now take up panel five and read that?

30 WITNESS TRUSTY: As I noted in

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1 my introductory --

2 THE COMMISSIONER: Excuse me.
3 Let's just catch our breath here and get the -- this
4 was a loose piece of paper, wasn't it?

5 A Yes sir, it was. It's
6 not in one of the grey folders.

7 THE COMMISSIONER: Construction
8 we did yesterday. This was operations.

9 A Yes sir.

10 MR. STEEVES: Could I give you
11 another one sir. It's not as nicely bound as the others
12 but perhaps the content is --

13 THE COMMISSIONER: Well, it's
14 only 22 pages. That's a feature that has certain
15 advantages.

16 MR. STEEVES: All sorts of
17 advantages.

18 THE COMMISSIONER: Well, go
19 ahead Mr. Trusty.

20 A As I noted in my introduc-
21 tory testimony following the filing of Section 14.c,
22 Arctic Gas began a second phase of socio-economic analysis
23 which has continued up to the present time and is
24 expected to continue into the future. That work has
25 been devoted to further analysis of specific impacts at
26 the individual community level, the ramifications of
27 various policy options and the details of specific policies.
28 The result of a good deal of that additional work were
29 incorporated in the testimony of the last two panels.

30 The one area of study that has

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1 not yet been presented in evidence before this Inquiry
2 deals with the anticipated long-run physical impacts
3 in communities, including population effects and
4 corresponding demands on the regional infrastructure,
5 the local construction industry and the resources of the
6 communities and senior governments generally. This
7 area has received a high priority in our on-going studies
8 with particular emphasis on the further assessment of
9 alternative policies and related planning with respect
10 to the industry's activities within communities during
11 the operations phase. Apart from the objective of
12 impact prediction, this work is intended as a basis for
13 industry inputs to community and senior government
14 planning efforts.

15 In the review of socio-economic
16 studies, I discussed the fact that Arctic Gas and the
17 producers jointly retained the services of Van Ginkel
18 and Associates to assess the prospects, opportunities and
19 potential impacts in the communities and to assist in
20 the definition of procedures that would increase the
21 favorable impacts. The first step in the Van Ginkel
22 study was the preparation of an atlas that provides a
23 physical profile of each of the communities that is
24 likely to be effected by the project including relevant
25 statistical information.

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1 The impact portion of the
2 van Ginkel work resulted in a preparation of the
3 report entitled, "Communities in the Mackenzie: Effects
4 of the Hydrocarbon Industry". While the scope of that
5 work was broadened to satisfy specific requirements of
6 the producers and to allow the Van Ginkel's to more
7 thoroughly review relevant social and economic factors,
8 the central focus remained one of assessing the physical
9 implications of development in specific communities.
10 One objective of this testimony is to present a summary
11 of that central thrust of the initial Van Ginkel study
12 as a prelude to a presentation of the work that has been
13 undertaken subsequently to further define potential long-
14 run impacts and the policy or planning options available
15 to Arctic Gas and the producers.

16 I should note that a primary
17 objective of this work has been to ensure that neither
18 Arctic Gas nor the producers will be a burden on the
19 communities and that opportunities for the pursuit of
20 alternative lifestyles and development patterns will
21 be preserved.

22 The initial study. At the outset
23 I should stress the fact that the initial study was
24 based on an approximation model which was not designed
25 to measure the precise effects of policy decisions.
26 Rather, the more precise estimates and assessments are
27 undertaken after the approximation approach has resulted
28 in a narrowing of the range of alternatives that requires
29 more detailed consideration.

30 In keeping with the approximation

1 approach and in view of the fact that the study was
2 concerned with long-run implications, calculations were
3 made for the year 1985. In order to isolate the long-
4 term implications of operation of the pipeline and gas
5 plants, it also was assumed that pipeline and gas plant
6 construction programmes would be completed in a relatively
7 short period of time without making direct demands on
8 the communities.

9 As I noted earlier,^a/fundamental
10 underlying premise of the study is the assurance of
11 freedom of choice for all individuals with the related
12 implications of equality of opportunity. This applies
13 equally whether the style of life choosen is on the
14 land or in the wage economy.

15 If the latter, it was assumed
16 that for those lacking skills which are necessary for
17 advancement in the wage economy, relevant education and
18 training will be available. This assumption, in turn,
19 has ramifications for the level of employment of regional
20 residents in relation to job opportunities and therefore
21 for the level of immigration that could be expected.
22 That should be in-migration.

23 The specific identification of
24 options and the consequent calculations of population
25 changes and related building requirements follows in
26 the study from an overview of the role of an economic
27 generator such as the pipeline and related hydrocarbon
28 industry activities.

29 In summary, that overview,
30 proceeded from the fact that the economy of the study area

1 currently depends in large measure on the activities of
2 the hydrocarbon industry. Quite apart from the fact
3 that the industry itself provides much direct employment,
4 hydrocarbon activities are directly and indirectly
5 responsible for the existence of other employment creating
6 enterprises, such as in river, road, rail and air trans-
7 portation, equipment maintenance, contracting and general
8 service activities.

9 The current economic impact
10 of the hydrocarbon industry will be changed by construction
11 of a pipeline and related facilities. The fluctuations,
12 impermanence and seasonality of exploration activity
13 will be replaced by the more stable and long-range
14 activities of extraction and transportation which would
15 become an integral part of the economic base of the
16 region. A direct economic benefit will be in creating
17 permanent jobs and increasing personal income. Indirectly,
18 by increasing the demand for services, the industry will
19 stimulate local enterprises and so create additional
20 jobs and entrepreneurial opportunities for northern
21 residents.

22 The growth of population and
23 employment associated with the hydrocarbon activities
24 can be of advantage particularly for the large centres.
25 These centres are of a size and character that result
26 in urban services being demanded, but they are not
27 large enough to support the range and quality of services
28 desired. From this perspective, the result of develop-
29 ment in those communities should be positive.

30 In general, the result of new

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1 economic activities is to directly increase the job
2 opportunities in an area and also to indirectly increase
3 the number of jobs as a result of a demand for supplies
4 and services. This, in turn can cause increased migra-
5 tion and an increased demand for housing and community
6 facilities which further increases employment and con-
7 struction transportation and ancillary services. The
8 actual impact depends upon the capacity of the construc-
9 tion industry and the capability of local enterprises
10 to benefit from local contracting and the increased
11 demand for a range of services.

12 it follows, therefore, that
13 estimates of the type of employment and the number
14 of people likely to be employed, taken in conjunction
15 with estimates of normal population and labour force
16 increases, provide a basic indicator of the potential
17 impact of a new activity in a region. The extent of
18 the impact depends on both the location of the job
19 and on where employees and their families live and
20 spend their incomes.

21 The question of residence is
22 a particularly important consideration in the study
23 region because the number of new long-term employment
24 opportunities is likely to exceed the capacity of the
25 normal labour force, with a resulting potential for
26 in-migration to some or all of the communities.

27 To evaluate the potential effects
28 on communities, the analysis used a set of options that
29 were designed to reflect the full spectrum of potential
30 employment, residence patterns that could be created

1 directly by the pipeline and hydrocarbon industry and
2 indirectly as a result of induced employment opportunities.
3 While actual circumstances could lead to a combination
4 of patterns, the options in the study were intentionally
5 structured to reflect distinct and independent alterna-
6 tives in order that the implications could be properly
7 identified.

8 As I noted earlier, the options
9 were assessed using an approximation model in which
10 the interrelationships of various factors were specified
11 to provide a structure for the iterative calculations.
12 This model was based on the following set of conditions,
13 some of which are assumptions and some of which are
14 desirable outcomes.

15 First, that anyone who wished
16 to participate in the hydrocarbon industry will have
17 the opportunity to do so.

18 Second, that in the next decade
19 the composition of employment in the region will be much
20 closer to the total Canadian composition than is
21 the case at present.

22 Third, that there will be a
23 greater participation in the work force, particularly
24 by women.

25 Fourth, that housing, community
26 facilities, transportation and other physical services
27 should be improved and fifth, that social services in
28 the communities, such as health, education and recreation
29 should be improved.

30 Basic quantitative inputs to

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1 the model included estimates of the employment requirements
2 associated with the operations and maintenance of planned
3 or proposed projects that are of a scale to have a
4 significant impact on the region. In particular, the
5 estimates took into account operations and maintenance
6 of the pipeline, gas plant and highways.

7 I should note that at the time
8 the study was done, it was reasonable to assume that
9 there would be major highway construction in the region
10 over the period 1975 to 1979.

11 The other basic quantitative
12 input to the model was a projection of the regional
13 labour force in 1985 based on a projection of the
14 total regional population and assuming that the partici-
15 pation rate, in the larger communities, would approximate
16 the Canadian average of 40 percent. The current average
17 rate for the study region of 30 percent was assumed to
18 prevail in 1985 for all of the smaller communities.

19 In order to fully consider
20 employment prospects, however, account had to be taken
21 of the fact that increased activity in one sector of
22 the economy generates activity in other sectors. Because
23 the relationship of employment in one sector, to that in
24 another tends to be stable and therefore predictable in
25 a general sense, knowledge of the levels of activity
26 in one sector permits an approximation of the amount
27 of activity that will be generated in other sectors.

28 In the study, the commonly
29 accepted classification of the activity sectors, primary,
30 secondary, tertiary and quaternary, was used. Activities

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1 in the primary sector include mineral extraction,
2 agriculture, forestry and fishing. The secondary sector
3 includes manufacturing, processing, and construction.
4 Tertiary covers the range of services and facilities
5 directly required by individuals or industry, for example,
6 transportation, communications, utilities, retail and
7 wholesale services.

8 The quaternary sector includes
9 government and such things as personal and financial
10 services provided to the primary, secondary and tertiary
11 sectors.

This ratio can be expected to become more normal as industrial development proceeds and self-sufficiency is increased, assuming that the number of jobs in government will not grow as rapidly as those in primary activities. Accordingly, for the purpose of this study, it is assumed that by 1985 the ratio of primary-secondary to tertiary-quaternary will equal the national ratio 40:60 in the major communities -- Inuvik, Norman Wells, Fort Simpson and Hay River. However, in the smaller communities it was assumed that the ratio will approximate 50:50.

To be able to apply these ratios and generate an estimate of total 1985

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1 employment in the region, it was necessary to
2 augment the estimated employment requirements of the
3 major projects with estimates of other primary and
4 secondary employment, taking into account anticipated
5 growth in existing industries as well as in activities
6 that could be expected as a result of the demands of
7 the major projects. However, both these jobs and
8 those that are ultimately calculated for the tertiary
9 and quaternary sectors are dependent on the relationship
10 between the total number of jobs and the total resident
11 labor force. This reflects the fact that jobs in excess
12 of the capacity of the existing labor force could result
13 in in-migration which would create further demands and
14 therefore additional jobs. The extent of possible
15 in-migration in turn depends on other factors, some of
16 which are subject to policy decisions or other influences.

17 In general, the following factors all have to be taken
18 into account in reaching a final approximation:

- 19 1. The extent of the increase in the spending power
20 of existing residents.
- 21 2. The proportion of total employees actually living
22 in the study area, compared with the proportion commut-
23 ing from outside. (That reflects the fact that the
24 major proportion of income is spent at the location
25 where the family resides).
- 26 3. The total of employees currently resident in the
27 study region who will move to another community and so
28 create a demand for new housing, goods and services
29 in the community to which they move.
- 30 4. The total of employees who migrate with their

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1 families to the study area from outside.

2 5. The possibility of new local service enterprises
3 becoming more viable as a consequence of increased
4 population and/or spending power.

5 The consequent complexity
6 of the calculation procedure is what dictates the
7 use of a model structure that facilitates an interactive
8 approach with additional information being introduced
9 for each iteration.

10 The initial iterations involved
11 assigning to community residents all of the primary
12 and secondary jobs that could be foreseen in existing
13 communities. This left approximately 970 residents for
14 whom some 1,760 permanent hydrocarbon-related jobs
15 were estimated to be available outside of the communities.
16 The net result of this initial round, therefore, was
17 a determination that full employment of the regional
18 labor force could be achieved with an additional 790
19 jobs in the hydrocarbon industry still to be filled.
20 These are all jobs that do not have a specific community
21 orientation.

22 Jobs outside communities can
23 be satisfactorily filled by workers who commute from
24 their place of residence on a daily basis, or who
25 work a schedule of shifts of several days or more.
26 In the case of those who work a rotation schedule,
27 there are the further alternatives of the families of
28 employees living either within or outside of a region.
29 Accordingly, a second round of calculations was made for
30 the following set of specific options.

1 Option 1: The 790 jobs can be filled by transients
2 from beyond the borders of the study region.

3 Option 2: The 790 jobs can be filled by persons who take
4 up permanent residence within the study region located
5 as follows:

6 2.a. In all communities of the delta in proportion
7 to their population;

8 2.b. All in Inuvik; or

9 2.c. All in a new settlement in the delta, with
10 regional service split between Inuvik and the new
11 settlement.

12 Option 3: The 790 jobs can be filled by persons living
13 throughout the study area located as follows:

14 3.a. In all communities in proportion to their
15 population.

16 3.b. In Inuvik and Fort Simpson, in proportion
17 to their population.

18 3.c. In Norman Wells, Fort Simpson and Hay River
19 in proportion to their population.

20 I should note that in assessing
21 the induced employment effects that result from the
22 population changes implied by the options, account was
23 taken of the fact that the larger communities would
24 continue to act as service centres for the smaller
25 communities.

26 The net result of the final
27 round of calculations was an approximation of the total
28 population that could be anticipated in each community
29 for each option. The smallest total population in the
30 study area -- 21,590 -- resulted from Option 1; the

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1 option in which the 790 excess jobs in the primary and
2 secondary sectors were assumed to be filled by trans-
3 ients. The other options resulted in a total population
4 between 26,245 and 26, 815 -- not a significant
5 difference. However, there were considerable differences
6 in the populations of individual communities.

7 These results were then evalua-
8 ted taking into account such considerations as physical
9 constraints to growth in specific communities, the
10 pros and cons of creating a new community in the delta,
11 and the capacity of the building industry as a con-
12 straint to growth if a good standard of housing and
13 community facilities and services is to be achieved.
14 This analysis lead to the elimination of the three
15 alternatives under Option 2, as well as Options 3.a and
16 3.b. Option 1, with the excess jobs being filled
17 by people who rotate to the job and maintain their place
18 of residence outside the region, and Option 3.c, in
19 which the jobs are filled by persons living in the three
20 communities of Norman Wells, Fort Simpson and Hay River,
21 were both considered feasible.

22 However, in assessing the rela-
23 tive merits of the options, the Van Ginkel Report noted
24 that it is generally desirable that those who work in
25 a community or a region have a stake in its well-being.
26 From the economic perspective, a large number of transient
27 workers has the effect of reducing the spending in the
28 region, as compared to earnings generated from working
29 in the region, and so reduces the possible creation of
30 jobs in the service sectors. This in turn prejudices the

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1 opportunity to improve facilities, and services, in the
2 communities. The report concludes that:

3 "Every effort should be made by employers to
4 encourage new employees from outside to move
5 with their families and take up residence in
6 the study area."

7 I should note here that we're talking throughout about
8 the permanent long-term jobs as opposed to jobs
9 associated with pipeline and gas plant construction.

10 This reasoning supports the
11 selection of an option such as 3.c in which employees
12 from outside move with their families to the major
13 communities. At the same time it must be recognized
14 that while the study focused on the specific year 1985,
15 for the purposes of calculations, there may be a variety
16 of factors that dictate a phased approach to the ultimate
17 establishment of regional residency for all employees.
18 Accordingly, the reality could involve starting with
19 an employment residency pattern of the type defined by
20 Option 1, and evolving to the more preferable long-term
21 pattern. This evolutionary approach is one aspect of
22 the work that has been undertaken more recently.

23 Before leaving this summary of
24 the initial Van Ginkel study, I would like to comment
25 briefly on its overall relevance. Probably the most
26 important benefit of a study of this type is the in-
27 creased understanding of the potential implications for
28 communities of major projects in the region and of the
29 inter-relationships of the various dynamic elements that
30 determine the ultimate effects. For example, an important

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1 by-product of the Van Ginkel study was the community
2 by community inventory of the services and facilities
3 that could be achieved in 1985 under the conditions
4 set by the maximum growth alternative of the two
5 feasible options. Rather than being a prediction,
6 these estimates were provided as an indication of the
7 maximum service levels that can be achieved under
8 conditions of full employment and with all employees of
9 the hydrocarbon industry resident in the region.

10 In a more specific sense, the
11 study served as a direct input to the deliberations
12 of Arctic Gas and the producers regarding the policies
13 that should be adopted with regard to the staffing of
14 permanent facilities and the residency requirements for
15 employees; a subject that Mr. Hollands addressed in
16 his testimony. Equally important is the fact that the
17 initial approximation study served as the basis for
18 subsequent work in which estimates of population effects
19 and consequent community building requirements have
20 been further refined. This in turn has assisted Arctic
21 Gas and the producers in further defining relevant poli-
22 cies and planning procedures.

23 Subsequent studies. Before
24 turning to details of the work that has been undertaken
25 subsequent to the initial study, there is one important
26 link between the two study programs that requires
27 particular attention.

28 In the initial study, some of the
29 options were eliminated because of the implications
30 with respect to the rapid growth of Inuvik. At that

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1 time, it was felt that expansion to a population of
2 approximately 6,000 would allow the community to
3 fully perform its role as a regional service centre
4 without forcing it to embark on an expensive new
5 phase of community development. While this desirable
6 population level was achieved in the two options that
7 were considered feasible, some of the options that were
8 rejected implied the rapid growth of Inuvik to popula-
9 tion levels in the order of 10,000 people.

10 Since the study was published,
11 the conclusion with regard to the growth of Inuvik
12 has been altered as a result of several factors. First,
13 studies done by others using different methods have
14 reached essentially the same conclusion with regard
15 to the anticipated growth of Inuvik, as was reached
16 in the rejected options that involved a high concentra-
17 tion of activity in that community . While these
18 independent findings confirmed the pertinent results
19 of the Van Ginkel study, they have the more important
20 implication that the community is anticipating this kind
21 of growth pattern, and has already started the
22 essential planning process. Therefore, the situation
23 is not necessarily one of the project and project-
24 related activities creating an undesirable situation
25 from the perspective of the community.

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Second, it is not unreasonable to expect that, over time, employees will be attracted to a community such as Inuvik which is relatively close to the job site, particularly as the community grows and a more extensive range of services and facilities becomes available. It is much less likely that employees from outside the region would choose to move their families to communities such as Fort Simpson and commute on a rotation basis to jobs in the delta, as opposed to maintaining their residence in the south. This impracticality of the growth option identified as feasible was not relevant in the initial study, given the objectives of the calculations. However, it is the kind of factor that has been taken into account in subsequent work.

Finally, as the material to follow will demonstrate, our recent work indicates the possibility of a phased approach to the industry-related growth which would reduce potential pressures in Inuvik particularly in the years of pipeline and gas plant construction when constraints and the potentials for community disruption would be the greatest. In fact, the phased approach can result in a situation where the population of Inuvik does not have to exceed the 6,000 level until after the major construction projects, when it can then grow at a pace commensurate with the absorptive capacity of the community.

In his testimony, Mr. Hollands stated the Arctic Gas employment objective of manning all district locations with a stable work force consisting

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1 of employees at all job levels who make their permanent
2 home reasonably close to the work place. He then
3 noted, however, that it might not be practical to meet
4 this objective in the short term for a number of reasons,
5 including considerations of community growth and
6 development. In fact, Arctic Gas is of the opinion
7 that, in the initial years of operations, work schedules
8 and housing and transportation policies will have be
9 established to accommodate employees who rotate from
10 the south or from other communities in the region,
11 as well as an anticipated smaller number of employees
12 who are either required or choose from the outset to
13 make their home in one of the district headquarter
14 communities.

15 In the case of the gas plants,
16 the situation is somewhat different in view of the
17 fact that they are not located in, or immediately
18 adjacent to a community. As a result, some type of a
19 rotation schedule will be required irrespective of the
20 place of residence of employees. However, it is reason-
21 able to expect that ultimately most, if not all, of the
22 employees will be resident with their families in
23 Inuvik. This view reflects the points that I raised
24 earlier with respect to the anticipated growth of Inuvik.

25 For employees involved in the
26 continuing exploration activity, the question of place
27 of residence is not quite as clear-cut in view of the
28 seasonality of much of the work and of the fact that the
29 job location is not fixed. While some residents of
30 other regional communities who are employed in this kind

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1 activity might eventually move to Inuvik to take
2 advantage of the available facilities and services,
3 others could elect to maintain their existing place of
4 residence.

5 In the work that has been
6 undertaken subsequent to the initial Van Ginkel study,
7 the focus has been on the large communities and the
8 permanent full-time jobs that would be most likely to
9 result in in-migration to those communities. These are
10 the jobs directly associated with pipeline and gas plant
11 operations and maintenance, including logistics and
12 office staff likely to be resident in a community.

13 An initial calculation was made
14 to determine the total population effect and consequent
15 community building requirements that would result if all
16 of the employees were resident in the communities with
17 their families at the start of operations. The
18 calculations took into account normal population growth
19 in the communities as well as the demands for replacement
20 of existing housing. As in the original study, new jobs
21 in the primary sector were assumed to induce additional
22 jobs in the ratio of 40:60.

23 I should note here that unlike
24 the original study, the subsequent work made the
25 assumption that every job would be filled by an in-
26 migrant whether from outside the region or from some
27 other community, going into one of those large communities.
28 That reflects, one of the primary considerations it reflects
29 is that those communities tend to be fuller employment
30 communities and therefore even if people currently resident

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1 in a community move to take a hydrocarbon job, they
2 create a vacuum that itself has to be filled. The
3 other point is that that gives you the maximum effect
4 in terms of requirements and in population growth.

5 The results of these calculations
6 confirmed the earlier findings. In the case of
7 Inuvik, in particular, the total population would grow
8 rapidly to a level of approximately 9 to 10,000 under the
9 assumption of unconstrained in-migration to fill the
10 new primary and induced jobs.

11 Apart from the practical con-
12 siderations that Mr. Hollands discussed, there are other
13 factors that should be taken into account when determining
14 the extent to which this type of rapid growth should
15 be encouraged in the early years. For example in
16 earlier testimony, I noted that holding down community
17 building requirements during the years of pipeline and
18 gas plant construction would assist in controlling infla-
19 tionary pressures. This broad consideration is a
20 reflection of specific factors such as the anticipated
21 labor demand supply situation in the region.

22 It is particularly important
23 that there not be interference with the ability of all
24 of the communities to maintain a sufficient building
25 program to prevent deterioration of the level and quality
26 of infrastructure. The imposition of building demands
27 inherent in a rapid population growth before the end
28 of pipeline construction could have this detrimental
29 effect.

30 Phased development. The phased

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1 development approach involves moving more gradually
2 from a situation where most permanent positions are filled
3 by employees who rotate to the job site, either from
4 other regional communities or from the south, to the
5 desirable long-run situation where most are resident with
6 their families in the large communities. There are
7 two specific consequences of initially staffing the
8 operations with most of the employees living in the
9 large communities or at the gas plants on a single status
10 basis. First, there will be a direct reduction in the
11 requirement for housing for the employees and their
12 families in the early years. More important, the induced
13 population and resultant building demand will be
14 dramatically curtailed. This implies not only a further
15 reduction in the demand for housing, but also a reduction
16 in the demand for hospital facilities, schools and
17 other infrastructures.

18 I wonder, could you turn on
19 the projector Mr. Hollingworth? Could you just flip
20 the switch on the back? No, just push up the switch on
21 the very back of it. This is duplicated in the back of
22 the testimony sir, but it's the xerox of it is not too
23 clear. I know that isn't either but maybe between the
24 two of them, it'll make it clear.

25 The effect of the phased
26 development approach is illustrated in figure one.
27 The figure shows estimates of the building demand in
28 the region and for Inuvik specifically under the condi-
29 tions of rapid growth as compared to phased development.

30 Now, just to explain the figure,

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1 it's years along the bottom. The vertical axis is
2 square feet of building requirement and it starts at
3 the bottom with the existing stock of facilities. Then
4 there is a replacement demand component which is that
5 greenish blue. Then there is normal growth and the
6 building requirements that are associated with that.
7 Then there are the direct requirements of the producers
8 and Arctic Gas in terms of community related facilities.
9 The orangish part at the top is induced growth.

10 I might note that the
11 replacement portion is a wedge shape -- shows an increase.
12 That reflects the fact that it is assumed in the study
13 that replacement will be at a higher quality and size
14 of structure than currently exists so that there is
15 actually additional -- it's not just a one for one
16 replacement phenomenon.

17 The top graph then is the
18 cumulative building demand on the left-hand side
19 for all four communities aggregated; on the right
20 hand side for just Inuvik. The bottom portion is the
21 phased picture that results if you constrain the
22 growth in the early years while the pipeline and gas
23 plants are being constructed.

24 The notable feature of the
25 graphs is the extent to which the phased development
26 approach results in a curtailment of total building
27 demand prior to 1982, without a curtailment in
28 building to meet replacement and normal growth require-
29 ments. Moreover, the total demand in the period before
30 1982 is within the capacity of the building construction

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1 industry in the region.

2 I think I'd note here sir
3 the link was something that was said yesterday about
4 the desirability of regional residents taking those
5 jobs that are associated with these kind of community
6 developments as opposed to overly encouraging them to
7 work on the main line pipeline construction itself.
8 I think that point was covered yesterday. Jobs at
9 compressor stations will be much more suited to putting
10 the labor force in a position to undertake this kind
11 of activity in the future and therefore reducing the
12 requirement to bring in people from outside to do it.
13 It is very much also the kind of thing that Dr. Hobart
14 was talking about in Greenland.

15 I should note that the selection
16 of the year 1985 as the terminal date for the graphs is
17 primarily a matter of convenience in the calculation.
18 While the phased development graphs indicated almost the
19 same level of building in 1985 as in the unconstrained
20 growth situation, this need not be the case. In
21 general, the phased development approach can proceed
22 at a pace dictated by the absorptive capacity of the
23 communities and could be spread over a considerable
24 number of years.

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1 As indicated in the graphs
2 and previous comments, the calculations have taken into
3 account the direct housing and induced growth in the
4 early years as a result of the fact that some employees
5 will either elect or be required to be resident in the
6 communities.

7 In the case of the producers,
8 facilities for employees rotating on a single status
9 basis would be provided at the gas plant.

10 In the case of Arctic Gas,
11 such facilities will probably be located in the head-
12 quarters communities and in fact they will probably
13 be incorporated as part of the overall district operations
14 facility.

15 While planning for these facilities
16 has been initiated, plans will not be finalized until
17 there have been extensive consultations with the
18 communities. Typical of the kinds of considerations
19 that will be taken into account in planning and discussing
20 with communities, is the possibility of constructing
21 central facilities that can evolve in terms of the specific
22 use of space as they shift away from a pattern of
23 rotating -- as the shift away from a pattern of rotating
24 employees takes place.

25 Preplanning the use and there-
26 fore the construction of space, must take into account
27 the fact that concurrent with the shift away from a
28 rotation approach, there would be a reduction in the
29 requirement for accommodation and related facilities for
30 single individuals and an increase in the requirements

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1 for apartments and single family housing.

2 In the case of Inuvik, where
3 the requirements of Arctic Gas and the producers overlap,
4 it is anticipated that the basic planning process will
5 be continued as a joint effort.

6 In concluding this testimony,
7 I should note that details of implementing the policies
8 stated in the application with respect to such matters
9 as housing, recreation facilities and community infra-
10 structure generally must also be resolved in the context
11 of discussions with the individual communities. It is
12 only through a consultative process that the unique
13 characteristics and requirements of each community, as
14 well as the development plans of each can be properly
15 taken into account and reflected in final decisions.

16 MR. STEEVES: It's ten to one
17 sir.

18 THE COMMISSIONER: Oh, ten to
19 one. Well, we better adjourn until
20 2:00.

21 (PROCEEDINGS ADJOURNED UNTIL 2:00)
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Trusty & Hobart

1 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

2 MR. GOUDGE: Mr. Commissioner,
3 before we begin, I should say that I've distributed
4 to the participants this morning a copy of a paper by
5 Hugh Brody on alcohol. We would intend, if time
6 permits next week, to have him present that to the
7 Inquiry next week and be available for cross-examination
8 on it, sometime after he's appeared for the Committee
9 for Original Peoples' Entitlement.

10 THE COMMISSIONER: He's an
11 Inquiry witness?

12 M R. GOUDGE: He would be at
13 that stage. He will be appearing for COPE prior to
14 that.

15 MR. BAYLY: In another hat.

16 THE COMMISSIONER: Pardon?

17 MR. BAYLY: In another hat.

18 Sir, we've distributed to several of the people here
19 additional copies of the evidence of the first COPE
20 panel that involves two Usher pieces, two Brody pieces,
21 and a Beakhust piece and I believe that completes the
22 distribution of the evidence of that panel.

23 THE COMMISSIONER: O.K.

24 MR. GOUDGE: I think, sir, we
25 would then be ready for the cross-examination of this
26 panel and we'd begin with Mr. Hollingworth.

27 MR. HOLLINGWORTH: Sir, I have
28 no questions but -- of the panel, but I have a question
29 of you. Are you prepared to hear argument at five
30 o'clock today on the Helliwell motion?

Trusty & Hobart
Cross-Exam by Bell

THE COMMISSIONER: Yes.

MR. HOLLINGWORTH: Fine.

MR. GOUDGE: Mr. Bell would be
next.

CROSS-EXAMINATION BY MR. BELL:

Q Dr. Hobart, in your
research on alcohol sales and illegal behaviour did
you find any evidence of organized opposition to
alcohol consumption or to the availability of alcohol
in general?

WITNESS HOBART: Yes, definitely.
One of the things that we picked up, I think it was in
at least three of the communities, and at least two
of those were in the middle Mackenzie District,
were attempts to organize, feelings that the situation
was getting out of hand, interest in organizing A.A.
groups, of a mobilization of community sentiment of
the kind which has been seen most recently in the
request of Frobisher Bay to the Commissioner to close
down the Liquor Store there, definitely.

MR. BELL: Thank you. Those
are all the questions I have.

MR. GOUDGE: Mrs. MacQuarrie?

THE COMMISSIONER: That's one
of Mr. Bell's lengthier cross-examinations.

MR. STEEVES: That was a
model cross-examination.

THE COMMISSIONER: I thought
it was very, very good.

Trusty & Hobart
Cross-Exam by MacQuarrie

1 MR. GOUDGE: To be emulated by
2 all other counsel.

3
4 CROSS-EXAMINATION BY MRS. MacQUARRIE:

5 Q Mr. Trusty, in your
6 presentation you mention the in-migration and the
7 length of time they will likely be staying. Is there
8 any -- do you have a setup, a screening of the workers
9 for suitability to live in northern communities? This
10 is on page 16 and 17.

11 WITNESS TRUSTY: 16 and 17
12 under the heading,

13 "Camp Facilities and Regulations"?

14 Q Yes, I think so.

15 A Yes, O.K., I've found
16 the place.

17 Q You've got the place?

18 A Yes.

19 Q Do you have a screening
20 program for workers as to their suitability to live
21 for long periods of time in a community?

22 A Well, we would not
23 anticipate having the workers living in the communities.

24 Q Their families, though,
25 because I believe some would have their families
26 located at the nearest community.

27 A No, Mrs. MacQuarrie.
28 The testimony you're referring to at page 16 and 17
29 has to do with the construction phase, and we would
30 not anticipate having families of workers in the north

Trusty & Hobart
Cross-Exam by MacQuarrie

1 other than northern residents, whose families presumably
2 would reside in their home communities.

3 Q Is there any screening
4 process to be implemented in selecting the workers
5 who will be spending long periods of time in the camps,
6 whether they're single or married?

7 A Well, I'm not sure I
8 know what you mean by "a screening process" in that
9 context.

10 Q Well, perhaps some type
11 of psychological testing to determine whether or not
12 they can stand the long periods of isolation.

13 A Well, there will be
14 medicals for personnel as part of the activity of the --
15 that would be carried out at the southern personnel
16 staging centre. Beyond that I'm not aware of any
17 specific psychological testing, no.

18 Q The medicals, I under-
19 stand, are usually limited to a physical examination
20 rather than any kind of a psychological testing.

21 A I have no specific
22 knowledge on that.

23 Q Is it possible that
24 providing it is to date only a physical kind of
25 medical examination, that you would consider implement-
26 ing the same kind of psychological testing that workers
27 underwent in order to work on the DEW Line?

Trusty & Hobart
Cross-Exam by Mrs. MacQuarrie

1 A I presume it's possible
2 that Arctic Gas would consider that.

3 Q But you haven't to date?

4 A Not to my knowledge but
5 that doesn't mean it hasn't been considered. I am
6 simply not aware of whether it has been considered or
7 not.

8 Q I see. On page 18 when
9 you are talking about the middle paragraph, I believe,
10 to prevent the deterioration of the level and quality of
11 infrastructure, have you taken into consideration the --

12 A I am sorry Mrs. MacQuarrie
13 but I think I'm looking at -- are you looking at the
14 operations phase testimony or the construction phase
15 testimony?

16 Q Operation phase.

17 A All right.

18 Q I'm sorry. I thought
19 you knew what I was talking about. You were giving
20 such good answers I assumed you knew what I was talking
21 about.

22 A O.K. I'm with you now.
23 Page 18, middle paragraph.

24 Q All right. The middle
25 paragraph where you -- let's see the phrase here --
26 "...maintain a sufficient building program to
27 prevent deterioration of the level and quality of
28 infrastructure."

29 Did you also take into consideration then that there
30 might be some time necessary to have the basic services

Trusty & Hobart
Cross-Exam by Mrs. MacQuarrie

1 in that community to accommodate the development?

2 A Well if you recall the
3 slide that I put up and the chart that is in the back
4 of the testimony, we are proposing that the induced
5 development growth, for example, take a hospital facility
6 -- the additional hospital facilities that would be
7 required as a result of the project impact, that that
8 type of growth be put off until the community is in
9 a position to absorb the construction and so on that
10 goes with it.

11 Now, if a specific community
12 is in a position to do that early, then that is something
13 that presumably will come out during the consultation
14 process, and policies can be altered accordingly. If
15 it is later, then the intent of that slide was to show
16 that it is possible by using the rotation system to
17 put off that kind of infrastructural requirement until
18 the appropriate time.

19 The other point is that the
20 slide showed that the normal growth of the community
21 and the replacement of facilities that require replace-
22 ment can proceed, and it's within the capacity of the
23 building industry in the north and the communities, in
24 our judgment.

25 Q I see. But what I am
26 getting at is the fact that in many of the communities
27 there isn't any existing infrastructure. So I am
28 wondering about, will your company assist the government
29 or the community itself to develop a suitable level that
30 you could use. For instance, if there is just one nurse

Trusty & Hobart
Cross-Exam by Mrs. MacQuarrie

1 in the nursing station and the nearest doctor is two
2 or three hundred air miles away, will you allow that
3 community sufficient time to upgrade the nursing station
4 to a point where it could be useful to your company.
5 Would there be an injection of funds in that kind of
6 a situation?

7 A I presume you are talking
8 about small communities in that case, that kind of an
9 example?

10 Q Well, actually quite a
11 lot of the large communities couldn't take any more of
12 a burden than they have right now.

13 A As I noted in the testimony
14 yesterday, there are Territorial regulations in existence
15 that dictate the extent to which civil hospital and
16 medical facilities can be used and dictate the quality
17 and type of facility that must be provided in camps.
18 It would be Arctic Gas's intention I believe to adhere
19 to those regulations.

20 Furthermore, Arctic Gas would
21 not intend to use the medical facilities in the small
22 communities certainly so that we come down really to
23 the four large communities. If it was determined in the
24 context of those regulations and the consultations that
25 have to take place in accordance with those regulations
26 that civil hospital in Inuvik for example could be used
27 for a certain amount of the cases that might result from
28 the project, it might very well be similarly determined
29 that Arctic Gas would be responsible for augmenting the
30 staff. Arctic Gas is prepared to do that in that event.

Trusty & Hobart
Cross-Exam by Mrs. MacQuarrie

1 Is that --

2 Q The fact remains -- yes
3 -- that it is a fairly clear -- but the fact remains
4 that there isn't a hospital in the Northwest Territories
5 at this time that could even begin to cope with an
6 industrial accident.

7 A Well then presumably
8 Arctic Gas will be told when it comes time to determine
9 what hospital facilities have to be in the camps -- will
10 be told "you can't use those facilities", because they
11 simply can't cope, in which case, Arctic Gas will be
12 required to make alternative arrangements or to help
13 improve the size of the facilities in the communities.

14 Q Yes. That's what I was
15 getting at. Thank you.

16 Dr. Hobart, in your study on
17 the alcohol sales, you mentioned that the respiratory
18 infections could be an indication of child neglect.
19 The -- it seems to me that respiratory infections
20 certainly in the Northwest Territories are more a
21 symptom of poor nutrition, in that hemoglobins are low
22 and the general state of the patient is not -- you
23 know, is more conducive to the developing of respiratory
24 infections, rather than the fact that the child is
25 neglected because the parents drink. Could you comment
26 please?

27

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Trusty & Hobart
Cross-Exam by MacQuarrie

WITNESS HOBART:

1 A I talked over use of that
2 index with a couple of doctors in the Northern Health
3 Service. What I was interested in was an objective
4 measure for which data would have been recorded over
5 a period of some years so that it would be possible to
6 look at before impact and after impact sorts of develop-
7 ments.

8 Now, their suggestion was that
9 this was the best index of that sort that occurred to
10 them. In so -- I think I might argue more broadly that
11 traditionally, nutrition of the children was good, insofar
12 as traditionally people had substantial game resources
13 from the land, to the extent that both availability of
14 game resources and availability of wage employment had
15 fallen off, there would have been, in effect one kind
16 of child neglect. Not the kind that I was primarily
17 interested in, but it would fall into the broader pattern
18 of seeing to what extent children were suffering increasingly
19 and increasing trend in respiratory illnesses from
20 recent development.

21 THE COMMISSIONER: Excuse me,
22 Dr. Hobart. I thought that was a good question and I
23 didn't altogether follow your answer.

24 A Fine, what I said first
25 of all was that I did consult some medical people and
26 that was their suggestion as to the best way to proceed.

27 Q They felt that respiratory
28 ailments in children were a good index of child neglect.

29 A Yes.

30 Q In your discussion

Trusty & Hobart
Cross Exam by MacQuarrie

1 with those medical people was -- did you discuss with
2 them whether insufficient, bad nutrition might be a
3 cause of respiratory ailments in children?

4 A Yes, we talked about this
5 primarily in the context of Coppermine and their under-
6 standing of the Coppermine situation was that in terms
7 of game conditions in Coppermine, there were no reasons
8 for children to be suffering there as a result of changed
9 nutritional circumstances.

10 Q No.

11 A The other -- certainly
12 , respiratory illness is reflective of nutritional con-
13 ditions. It's also reflective of conditions of exposure,
14 that is if the fire, the heating in the home goes out,
15 if kids feel -- well, get scared out of the house because
16 of banging around that's going on there, and get exposed
17 to cold or if they're improperly clothed and that sort
18 of thing, the cold and pneumonia and that is a result,
19 so --

20 Q Yes. Well, I see your
21 reasoning, I -- but I just wondered in your response to
22 that question.

23 Could I just ask a supplementary
24 question arising out of what Mrs. MacQuarrie has raised?

25 We had a community hearing in
26 Latham Island last fall and a nurse gave evidence and
27 talked about something I had noticed, she said, her sub-
28 mission was something along these lines, "why are you
29 talking about pipelines, why are you holding inquiries
30 when every native child in this Territory has teeth that

Trusty & Hobart _
Cross-Exam by MacQuarrie

1 are falling out?" This may not have anything to do with
2 the pipeline, but while we're on the subject, is --
3 what is the reason for the uniformly bad condition of
4 the teeth of native children? Is it the prevalence
5 of Coke, the lure of the metropolis, taking that par-
6 ticular form? Is it insufficient knowledge on the part
7 of parents of dental hygiene, is it the absense of dental
8 professionals? It falls into your child neglect thing.
9 Do you have any comment on that?

10 A Yes. I've discussed this
11 with -- well, with dentists in Greenland and in the
12 Canadian Arctic, in fact, and I think there's no doubt
13 at all that it --

14 Q Do they have the same
15 thing in Greenland?

16 A In the larger centers, yes.
17 I think that the problem is not as severe as it is here.
18 It's my impression, that earlier, at least, the problem
19 is not as severe in Alaska as it is here and I can comment
20 just briefly on that.

21 So, it's soft drinks, candy,
22 cookies and bread. Carbohydrates, in effect, that's
23 reflected there.

24 Initially, I think the people
25 simply did not understand the nutrition. I recall 14
26 years or so ago, of having heard people describe, a
27 woman went to buy groceries for the family and returned
28 with a big bag of candy and it was just that easy. Now,
29 that didn't happen very often but apparently it happened
30 some and so the noon meal was a couple of candy bars,

Trusty & Hobart
Cross-Exam by MacQuarrie

1 that sort of thing and that's obviously just disasterous.

2 Now, I think the level of
3 awareness is becoming pretty general because nurses have
4 been working on that for a long time. But, the traditional
5 patterns of indulgence of children tend to remain very
6 strong and so if children want candy, as they do, as
7 my kids do, unfortunately, they get it without the
8 degree of restraint, I think, that the southern white
9 parents are attempting increasingly to exercise.

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Trusty & Hobart
Cross-Exam by MacQuarrie

1 Q You were talking yesterday,
2 or maybe it was last week, about the persistence of
3 Dene traditions -- or put this in the category of
4 customs might be a little lower on the scale. All over
5 Canada the native people still allow their children a
6 measure of freedom that's reflected in what you've just
7 said.

8 A Right.

9 Q And that hasn't changed
10 even in Southern Canada, has it?

11 A No, I think you're right.
12 Let me add two footnotes to that.

13 Q I said that instead of
14 "indulgence". "Indulgence" is a pejorative expression.

15 A I did not mean it
16 pegoratively. "Permissiveness" would have been the
17 more appropriate term. But let me simply add two foot-
18 notes. Again as long ago as 12 years ago, some parents
19 in Tuktoyaktuk were coming to the teachers in the
20 schools saying, "We can't make our children behave.
21 Won't you make our children behave?"

22 Derek Smith, in his 1975
23 publication, based on his '65 to '67 data, talks about
24 incidents where delta parents -- this was either
25 Aklavik or Inuvik, the context doesn't make it clear --
26 came to the teachers and asked them to inflict
27 corporal punishment on their children because the
28 children would not behave. Now there was a bit of
29 method in their madness. They said, "If the teachers
30 do it, the kids won't hate us for that sort of thing having

Trusty & Hobart
Cross-Exam by MacQuarrie

1 been done."

2 But the point I'm wanting to
3 suggest here is that there is an awareness, I think,
4 that the system which worked perfectly out on the land,
5 in the context of the town simply works by no means as
6 well and people are at a loss as to how to make a
7 change.

8 THE COMMISSIONER: Sorry, Mrs.
9 MacQuarrie, but I wanted to pursue that before the Inquiry
10 ended.

11 MRS. MacQUARRIE: Well, just
12 a footnote on that, in the experience of our volunteers,
13 the Canadian Mental Health Association of the Northwest
14 Territories, the difference in children nutrition
15 really amounts to, you know, when the parents have wage
16 employment, is that the children who are neglected get
17 a dollar or two to go to the store instead of food
18 provided at home, and the non-neglected children get
19 both.

20 THE COMMISSIONER: Sorry.

21 MRS. MacQUARRIE: The non-
22 neglected children get both the food provided at home
23 and the dollar or two to go to the store; but the
24 difference in the nutrition is that probably the neglected
25 children don't buy the proper nutritional food.

26 THE COMMISSIONER: Yes.

27 MRS. MacQUARRIE: O Dr. Hobart,
28 when you're talking about alcohol consumption in your
29 study, are these figures limited to those of the
30 Liquor Control Board?

Trusty & Hobart
Cross-Exam by MacQuarrie

1 A Yes. All of my data
2 were supplied by the office of the Territorial Liquor
3 Control Board here in Yellowknife.

4 Q Did you also research
5 the number of licences that are sold for home brew?

6 A I didn't look into that
7 at all, no.

8 Q Then it's quite possible,
9 with the amount of home brewing that occurs through
10 licence or along with licences, the home brewing that
11 happens illegally, and certainly where the freight rate
12 to the settlements is high for liquor, that there would
13 be a much greater alcohol problem than your statistics
14 allow.

15 A Yes. Let me comment on
16 that, if I may, however. There are many discussions
17 of home brew and how it's made and how it comes out
18 in the literature. Most of them suggest that brew
19 pots are typically not left long enough for the alcohol
20 level to reach a very high level at all. It's lower
21 than mere beer in the typical case. So that my impres-
22 sion then is that in terms of the amount of ethanol
23 that's pure alcohol that is made available to a community
24 from that source, it would be very low. In any case,
25 it would be a very difficult thing to get a very precise
26 handle on and so that -- I left it out for that reason.

27 Q I don't wish to sound
28 facetious here, however, has anyone ever studied the
29 increase in the sale of hair sprays, after-shaves, and
30 vanilla extract?

Trusty & Hobart
Cross-Exam by MacQuarrie

1 A Again, I don't know
2 where those data would be available, and I'm not aware
3 of any studies. However, obviously that does contribute
4 as well, definitely.

5 Q So if those factors were
6 taken into consideration, then your basis for your
7 statistics might have been a little broader than it
8 is with just the Liquor Control Board figures.

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Trusty & Robert
Cross-Exam by Mrs. MacQuarrie

1 A Definitely.

2 Q Generally when I read
3 through your report, I noticed that you relied heavily
4 on white informants. Is that a reasonable deduction
5 for a quick skim through?

6 A Yes, it is.

7 Q Is there any reason
8 why you didn't speak to the people in the --the
9 native people themselves?

10 A I relied more heavily
11 because my visits in Arctic Bay, in particular for
12 example, were brief and I did not have prior contacts
13 there and did not have time to cultivate the relation-
14 ships that are the basis for more frankly expressed
15 perspectives on the community situation as far as
16 native people are concerned.

17 In the case of Coppermine,
18 I had both native and white -- discussions with both
19 native people and white people, and so native informants
20 were involved in some of my Coppermine impressions.

21 Q Do you believe then
22 that the material you were able to gather from the
23 white informants is as indicative of the true situation
24 in the settlement as it would have more likely to have
25 been had you canvassed the native people themselves?

26 A Yes. Now, I think in the
27 case of the couple of points that I made with respect
28 to Arctic Bay that those points were valid. That is,
29 I mentioned in passing there that the one informant
30 in particular made some statements about ^{what} the increase

Trusty & Hobart
Cross-Exam by Mrs. MacQuarrie

1 had been from 1970 to 1974 and then what the increase
2 had been from 1974 to 1975; he was right on in terms
3 of his increase from 1974 to 1975. I inferred from
4 that that he was probably correct with respect to 1970
5 to '74. But I would certainly agree that if I had been
6 able to establish relationships with native people such
7 that I could have obtained that information from native
8 informants, it would probably have been more trustworthy.

9 Q Thank you. On page 17
10 I believe, the question that is ⁱⁿ my mind about the use of
11 the alcohol purchasing index that you have used is that
12 it may in fact be hiding very serious anti-social
13 drinking problems by very few people. But because they
14 don't come to the attention of the Courts, they don't
15 buy their liquor at the liquor store, but they brew
16 their own and do a very lot of damage in the community
17 either to their families -- particularly within the
18 family. They never come to the attention of the Courts.

19 Had you researched that area
20 at all?

21 A I'd have to acknowledge
22 that that's a distinct possibility. Yes.

23 Q You are aware too that
24 with the infrequency of the Court circuit travelling
25 about the Territories, that many cases -- in many cases
26 the R.C.M.P. merely keep the person in the jail over-
27 night and turn them loose the next day. Those kinds
28 of records aren't available for the number of times
29 that the police have just very quietly intervened and
30 put people away in protective custody for the night.

Trusty & Hobart

Cross-Exam by Mrs. MacQuarrie

1 Have you gone into that area too in your study?

2 A Again, you are entirely
3 correct at that point. It was for this reason that
4 I segregated the liquor offence data from the other
5 offence data. The data which I take as more probably
6 profoundly indicative of serious offence is the data
7 relating to the other offences rather than to the liquor
8 offences.

9 Q Then this does -- then
10 is it fair to say that it's merely a superficial
11 covering of the perhaps really very severe basic problems
12 that are not being shown in your kind of report?

13 A Yes.

14 Q It would only be the
15 tip of the iceberg actually.

16 A I would certainly agree
17 with that. I would say ^{that} what I am dealing with here
18 is a set of index numbers which are reflective of the
19 changing scope of the problem but which are not
20 reflective of the full dimensions of the problem.
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Q Do you think about 95%?

MRS. MacQUARRIE:
Then I would say 95%.

THE COMMISSIONER: Well, thank you, Mrs. MacQuarrie. Those were a good series of questions, if I may be permitted to say so.

CROSS-EXAMINATION BY MR. REESOR:

WITNESS TRUSTY: Well, I don't recall saying the first part of what you said, but I do recall saying something equivalent to the second

Trusty & Hobart
Cross-Exam by Reesor

1 part.

2 Q Do you not have an idea
3 of the points of contact between the various camps
4 and the communities?

5 A As I outlined in my
6 testimony, yes. That's based strictly on relative
7 proximity of activity to communities though.

8 Q Well, that's what I'm
9 referring to.

10 A Yes, O.K.

11 Q Of these various contact
12 points, say between the camps and the facilities near
13 and in the communities, and the communities themselves,
14 would it be fair to say that the degree of contact that
15 is desirable with the community would depend on the
16 type of worker, and when I mean that, I mean resident
17 versus non-resident.

18 A Of the community?

19 Q Of that community, yes.

20 A Yes.

21 Q And also another component
22 that you'd want to look at to see the desirability
23 context would be the wishes of the community itself.

24 A The what?

25 Q The wishes of the community
26 to have contact with the people in the camp.

27 A Yes.

28 Q What I'd like to do then
29 is to run through the possibilities for contact in view
30 of the various communities or with reference to the

Trusty & Hobart
Cross-Exam by Reesor

1 various communities, and see what numbers we're talking
2 and what sort of possibilities for contact there
3 might be, so we can get an idea of what the potential
4 problem areas might be. In the case of Inuvik, I under-
5 stand that -- according to your evidence -- there will
6 be a wharf and a construction camp, and stockpile
7 site.

8 A Those two things are
9 separate.

10 Q Close to Inuvik, will
11 there be a road connecting the town and camp?

12 A The wharf is separate
13 from the stockpile site-camp combination. The wharf
14 and the stockpile site-camp combination are themselves
15 connected in the plan by a permanent road. The approxi-
16 mate distance is 14 miles from the community. That's
17 rough , I mean it's not been specifically cited yet
18 so --

19 Q How many people are we
20 talking about at this location 14 miles from Inuvik?

21 A We're talking about
22 a full-spread camp operation plus a 100-man stockpile
23 operation, so a spread plus 100, roughly; and bearing
24 in mind what Mr. Williams said, that at any given time
25 the entire spread complement isn't there, so you then
26 go down from 800, say, and I really can't say precisely
27 what the number would be at any given time. I think it
28 probably appears in the application somewhere.

29 Q Right, and it will differ
30 according to the season, and also --

Trusty & Hobart
Cross-Exam by Reesor

1 A Yes .

2 Q -- as construction
3 progresses.

4 A Yes it will, that's
5 right.

6 Q Would there be access
7 for Inuvik residents to travel from their home to
8 the camp or to the site and back again on a frequent
9 basis?

10 A Without having maps in
11 front of me on this, I'm recalling but I believe that
12 it's interconnected with the road system in the area
13 so that the access would be there.

14 Q Are there safeguards
15 to look after the situation of the resident of Inuvik
16 taking all his team-mates back home with him to visit
17 the town, or a situation such as that?

18 A The policy that I noted
19 that would be the preference of Arctic Gas with
20 respect to camps would be enforced, and -

21 Q You say "preference".
22 Sorry, you say "preference" because it's a matter to
23 be discussed with the unions.

24 A It requires union co-
25 operation, yes.

26 Q So it's not a unilateral
27 decision on your part.

28 A That's correct.

29 Q What about Fort Simpson?
30 We have a number of facilities over the several years

Trusty & Hobart
Cross-Exam by Reesor

1 of construction about six miles from the village,
2 including a wharf and stockpile site and compressor
3 station M-15, the Mackenzie River crossing camp, and
4 of course the expansion of the port facility.

5 A Yes sir.

6 Q The expansion of the
7 port facility and the related operations there is
8 part of your staging complex, I understand.

9 A Yes sir, it is.

10 Q And the possibilities for
11 contact with the community related to that development
12 would be quite good, I assume. Is that fair?

Trusty & Hobart
Cross-Exam by Reesor

1 A I would put those in
2 a different -- that operation in a different category
3 from the other three operations. The other three opera-
4 tions would have the self-contained camp facilities
5 and we would anticipate imposing all the same regulations
6 and camp rules in those facilities as in any other camp.

7 In the case of the expanded
8 port operations, those employees will probably be employees
9 of Payne Industries and it might be preferable from
10 the communities point of view that those people be
11 residents of the community and not operate out of a
12 typical Arctic Gas kind of camp operation. Alternatively
13 it might be judged the other way, in which case Arctic
14 Gas would be prepared to ensure that the camp facilities
15 were put in.

16 That's one of the cases though,
17 I think where in our mind there needs to be flexibility
18 to see what the communities would like.

19 Q Certainly, and what is
20 the access possibility between the camps or camp and
21 the community of six miles apart?

22 A Well, the port operation
23 is in direct access with the community via roads. All
24 of the others, well, certainly the operations, the two
25 operations that are on the opposite side of the river
26 do not have a direct road access. The crossing camp --
27 I'm trying to recall which side of the river it's located
28 on. What page in my testimony was that?

29 Q Before page 12.

30 A I've got it. Yes, I've got

Trusty & Hobart
Cross-Exam by Reesor

1 it, page 10. And it doesn't say here --

2 Q Page 11 I think, about
3 half way down.

4 A Yes, I'd have to check
5 the map, but --

6 Q Well, you say here that
7 the wharf stockpile sites, the compressor station and the
8 major camp ^{facilities} is on the opposite side of the river.

9 A Yes, so the crossing
10 camp is on the opposite side of the river also and there-
11 fore does not have direct road access.

12 Q How would you envision that
13 the residents of Fort Simpson would commute between
14 the camp and the community?

15 A In the same method that
16 other residents of other communities would commute to
17 camp, via, you know, whatever vehicular transportation
18 is appropriate in that case, maybe a helicopter, I
19 don't know precisely what. But, as noted in my testimony,
20 we would anticipate, and clearly again we're into an
21 area that's one of those judgmental areas, it's
22 typical that people would go to the job and live out
23 at the camp and come home, you know, on some regular
24 basis and for that transportation would be provided.
25 If they wanted to try to come home every day, I really
26 can't answer the question of what the appropriate arrange-
27 ment should be and I think that that's something that
28 would have to come out in the context of discussion.

29 I really don't have any idea
30 what the numbers would be yet, or any of the other factors.

Trusty & Hobart
Cross-Exam by Reesor

1 Q So the transportation
2 would be provided for residents of nearby communities
3 to commute on some agreed basis.

4 A Yes.

5 Q But not to non residents?

6 A No, that's right.

7 Q A further possible
8 contact point is near Fort Norman I understand?

9 A Yes sir, in the sense
10 that there's a river crossing camp four miles from the
11 community. There is no road access nor is there plans
12 to be any, but the fact that the camp is that close
13 for a period of time suggests the possibility of inter-
14 action occurring despite what rules and regulations
15 one might put on site.

16 Q But the only possible for
17 interaction would be by foot, would it not?

18 A Yes sir, if --

19 Q Unless somebody had a
20 private means of transportation.

21 A Yes, that's right, that's
22 right.

23 Q Now, Hay River, AxePoint
24 and Enterprise, all of these facilities are part of
25 your northern staging complex. The degree of interaction
26 possible with Hay River, as I understand it is quite
27 high.

28 A Yes sir, it is.

29 Q Right.

30 As far as Enterprise goes, would

1 it be fair to say that there might be quite a bit of
2 interaction between the Enterprise facility and Hay
3 River?

4 A Yes sir. As I note in
5 my testimony, I think there's obviously a greater
6 potential for interaction in the case of people located
7 in Enterprise as compared to those located at Axe Point.
8 And the other point I made was that if you took all those
9 Enterprise people and put them into Hay River, then the
10 interaction possibility goes up yet another jump, so
11 it lies somewhere between, but it's there certainly.
12 Because of the road access and the relative distances.

13 Q Okay, and I think in your
14 material too you've given us the numbers that will be
15 involved in the various staging locations.

16 A Yes sir.

17 Q During the operations phase
18 of the pipeline, I don't want to get into that too much,
19 because then you're dealing strictly with population
20 figures and the Association will be bringing evidence
21 on this later. I note that there's one area where I
22 would assume there would be permanent population, that
23 would be Yellowknife, that would be brought in directly
24 pertaining to pipeline. Is this right?

25 A Not for Arctic Gas, no sir.

26 THE COMMISSIONER: They're having
27 their gas control center here, something like that.

28 Q So you don't anticipate
29 any --

30 A No sir, Arctic Gas doesn't

1 have any facilities there.

2 Q I vote for Foothills.

3 A Pardon me?

4 Q I say, I vote for Foothills.

5 A They're winning now.

6 THE COMMISSIONER: I think

7 Mr. Hollingworth feels this cross-examination is very
8 worth-while.

MR. REESOR:

9 Q No way you can get away
10 from that now.

11 On page 21 of your panel four
12 evidence, talking about river barging and the possibilities
13 for increased rates as a result of increased demand.
14 Your sentence is,

15 "With regard to the question of changes
16 in freight rates in relation to the expansion
17 of facilities for pipeline construction,
18 Arctic Gas expects to negotiate arrangements
19 with the carriers, which will minimize the
20 exposure of other traffic to rates greater
21 than those that would prevail in the absense
22 of the project."

23 A Yes sir.

24 Q When you say "minimize"
25 I assume you're not talking about subsidizing, if in
26 fact the rates do go through the roof, or are you?

27 A Well, what do you mean by
28 subsidizing?

29 Q If we find that the rates,
30 in fact, have increased to a much greater level than they

Trusty & Hobart
Cross-Exam by Reesor

1 A To my knowledge, that's
2 not contemplated by this sentence.

3 Q Would there be a possibili-
4 ty that the rates might come down as a result of the
5 greater volumes?

6 A I think that's a possibili-
7 ty, yes sir. It depends on what kind of traffic load
8 there is, I think, after the project and on the host
9 of factors.

10 Q Have you gotten an idea
11 in discussions with the barge operators whether the
12 economics are such that this is a real possibility or
13 not likely?

14 A Well, this is a complex
15 question because of the differences in the kinds of
16 barge operators there are and the regulations that they
17 operate under. So it's difficult to give a clear-cut
18 response in that the regulations have to be taken into
19 account. For example, the fact that the major operator
20 is a common carrier and operates under a tariff structure.
21 That, to my understanding, has some bearing on whether
22 you can for example have a two price system operating.
23 So that it gets into some tricky areas. The intent
24 of Arctic Gas as I understand it, would be to attempt
25 to negotiate with the carriers and if necessary, with
26 the government and with respect to the rates, in such
27 a way that costs reflected in the acquisition of
28 equipment would not be passed through to the general
29 rate structure.

30 Now, whether that's possible or

Trusty & Hobart
Cross-Exam by Reesor

1 not I am certainly not in a position to say at this
2 point in time. I'm not sure anybody else would be
3 until those negotiations have been carried on.

4 Q Conversely, any benefit
5 that might be accrued in terms of increased volume
6 then would not be felt on the rate for barge traffic
7 for the ordinary man on the street?

8 A I didn't follow that.

9 Q If you have a two price
10 system, one set up that would handle the increased
11 cost related to pipeline development and the other that
12 would reflect the continuing year by year growth of the
13 barge system for the Territorial residents, then the
14 increased volume that the total would result in,
15 might as we said, result in an overall reduction in
16 rates. But if the Arctic Gas volume is taken out of
17 that, we may not feel the increased volume that would,
18 in turn, reduce rates.

19 A I'm sorry. I still don't
20 follow what you mean by the phrase "If the Arctic gas
21 volume is taken out of that".

22 Q O.K. Let's start again.

23 A O.K.

24 Q Is there a reasonable
25 possibility that as far as barge traffic goes, there
26 might be a segregation of the facilities that are
27 required by Arctic Gas?

28 A Yes sir.

29 Q In terms of rate structure,
30 in terms of debt load?

Trusty & Hobart
Cross-Exam by Reesor

1 A Yes sir with the combined

2 Q In other words, sort of
3 a separate division of the barge operators we'll say.

4 A With the proviso that
5 I noted earlier that the major carrier operates under
6 regulations and therefore, as I understand it is pre-
7 cluded under current regulations from entering into
8 the kind of contractual arrangements that the other
9 carriers can. But with that proviso, go ahead.

10 Q So that would I be
11 correct in saying that the idea here is to insulate
12 the barge capacity from over-use by Arctic Gas?

13 A Oh, absolutely. In terms
14 of capacity it is the intention of Arctic Gas to ensure
15 that additional barge sets are added sufficient to carry
16 the traffic of the project without encroaching in any
17 way on the capacity required to carry the anticipated
18 normal traffic volumes. In other words, the project
19 requirements will be met by additional barge sets as
20 required to carry that traffic without bidding for space
21 if you like that normally would be used to carry other
22 traffic. That Arctic Gas is undertaking to do for
23 sure.

24 Q We're back to the two-
25 edged sword, where on the one hand you want to insulate
26 it to protect the day to day barge capacity. Would
27 it be true to say unfortunately as a negative result
28 might be that you insulate it from effects that might
29 bring down the price of barging?

30 A Well, my understanding sir

Trusty & Hobart
Cross-Exam by Reesor

1 is that after the project is completed, that excess
2 capacity will be in place, will exist and that it
3 therefore will be available in one form or another
4 to serve other traffic. Does that answer -- in other
5 words, my understanding is not that you would put on
6 barge sets and then pull them out after the project is
7 over. There is nowhere to pull them to. So that in
8 essence, they would be here and the total system
9 capacity would have been expanded considerably at both
10 the port end and in terms of barge sets. So, does that --

11 Q Let me go on to the
12 next area and that is air transportation because the
13 same basic point holds for air transportation as well
14 and I think it's a very important point. That is
15 that under the terms that you've brought out in your
16 evidence, you intend to isolate the Arctic Gas air
17 facilities that are required as much as possible, using
18 your own airstrips, P.W.A. charters, trying to keep
19 your air requirements quite separate from the day to
20 day requirements -- the day to day infrastructure that
21 is presently in place?

22 A That's correct.

23 Q It's the same situation
24 as we discussed with barges.

25 A Trying to ensure that
26 we don't encroach on other traffic.

27 Q Now, would you agree that
28 with increased volume in air traffic that you get a
29 reduction in the per seat mile cost to the airlines?

30 A That may or may not be the

Trusty & Hobart
Cross-Exam by Reesor

1 case I would suspect.

2 Q Would you agree that with
3 increased volume in any business with such a high
4 fixed cost that the per unit cost is reduced?

Trusty & Hobart
Cross-Exam by Reesor

1 A Let me go to a specific
2 example that I cited in my testimony. My understanding
3 of what P.W.A. has said about their ability to serve
4 a general growth in traffic / ^{that would} be induced by the
5 project is that they could better utilize their existing
6 equipment and thereby provide a better service level
7 to traffic than now exists.

8 Q Exactly, and this is the
9 point that I'm trying to get to, the fact that the
10 cost to travel from Edmonton to Vancouver per mile
11 is so much less than from Yellowknife to Inuvik, is as
12 I understand it, it costs the airline less because
13 you've got a greater volume of traffic, you've got a
14 greater utilization of the facilities in place.

15 A Well, that may be. I'm not
16 a rate expert, so --

17 Q No.

18 A I don't even know that
19 that difference exists.

20 Q I'm trying to look at some
21 of the basic realities of economics in terms of trying
22 to understand some of the impacts. Now what I'm thinking
23 is that a measure like this, which I think in good
24 faith Arctic Gas is trying to negate some of the
25 negative impacts, that they might in fact not provide the
26 positive results that could be normally obtained. For
27 example, charter aircraft don't pay the 8% airport
28 charges. No security fee is paid. These sort of
29 fees, so in utilizing your own aircraft it's left up
30 to the northern residents or the users of existing

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1 facilities coming into the north to support these
2 sort of costs. If Arctic Gas was to add ^{its} volume to
3 the existing volume, I'm suggesting that we might be
4 able to see a reduction in the overall costs to the
5 average user because of this increased volume. Is
6 that reasonable?

7 A If we were talking about
8 general economics and the general operation of a
9 business, I'd say, "Yes, that makes a lot of sense."

10 because I think where it gets distorted
11 is these are regulated industries, their schedules are
12 regulated, the communities they can serve is
13 regulated, their rates are regulated, and what I
14 think Arctic Gas would be afraid of is that if we
15 in fact said, "We will use commercial scheduled air-
16 lines, for example, to move our people," you would find
17 that no one else would be able to buy a seat, and
18 therefore because it might take some time before the
19 airlines responded, if in fact they could respond at
20 all in the time frame we're talking about, and it's
21 for that reason that Arctic Gas has taken the position
22 that it will basically charter a contract for the
23 services it requires, particularly during those
24 peak activities that would encroach on other traffic.
25 It's in order to ensure that the level of service
26 isn't affected for other users, but when you get into
27 the question of how the economics would work out if
28 you went the other route, I think that becomes quite
29 a different matter. They get all tied into questions
30 of airline expansion policies, government regulations,

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and so on and so forth. So that's why I can't readily agree that the result of going the opposite way to which Arctic Gas is talking about would be a positive one. I'm not at all sure that it would be.

Q All right, let's go on
and look at the capacity for chartering aircraft in the
north on, still on page 22, you talk about,

"Arrangements will be made with local commercial carriers and charter operators for some of the requirements within the region. However, it should be noted that in such cases there may be a requirement for the appropriate authorities to consider the interests of other customers."

How would that work?

A Well, what we're thinking of, ^{or} what was thought of here is that part of the local procurement, if you like, activities of Arctic Gas will extend into the air and trucking industries. But if you have a local charter operator, for example, given the volumes that potentially could be moved for Arctic Gas in the length of period and the kind of guaranteed contract that he might be able to get into, you could have a situation where a charter operator would charter all of his equipment to Arctic Gas and have it being utilized full-time in that way, and other customers simply would not have the service available to them. The suggestion, therefore, in the part of the sentence that refers to appropriate authorities looking at the interests of other customers is to suggest that there may very well be a need for

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1 someone to regulate that kind of activity, or at least
2 to oversee it and act on behalf of other customers,
3 if you like.

4 Q Well, on a practical
5 scale, how would that work? I find it difficult to
6 envision the sort of control to be placed on an indi-
7 vidual who as an entrepreneur has a few aircraft.
8 He comes to you and says, "Do you want to charter
9 my aircraft for a year?"

10 And you say, "No."

11 Or else a regulatory agency
12 -- you call them "appropriate authorities", would they
13 say to him, "No, you can't approach Arctic Gas. You
14 can't sign an agreement with Arctic Gas whereby it
15 would take all your capacity for a year," or who decides
16 where his capacity should be used?

17 A My view is that Arctic
18 Gas should in procuring goods and services generally,
19 act in the way that any large procurer does, taking
20 into account the service capabilities of those
21 people he's negotiating with in reaching decisions.
22 It is also my opinion that a company like Arctic Gas
23 should not become the dictator, in a sense, who says,
24 "No, your long-term market isn't great enough for
25 you to do this," or "No, some other customer is going
26 to be badly affected."

27 I think we would have an
28 obligation to bring that to the attention of an operator
29 and to, if you like, try to discuss rationally what
30 his capability is in terms of his existing market,

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1 plus the potential demands of Arctic Gas; but that a
2 private corporation should not be in the position of
3 arbitrarily saying, "No, you can't, because," the
4 same way that I don't think a private corporation
5 should be in the position of saying, "No, you can't
6 have a job because you already do something that's
7 too important."

8 That suggests to me, therefore,
9 that appropriate authorities may have to oversee this,
10 and given that charter operators are regulated and
11 licenced and so on, the mechanisms may very well be
12 there for at least very strong moral suasion, as they
13 say in the banking business.

14 But I don't have specific
15 mechanisms in mind. I think these are matters that
16 need to be worked out.

17 Q Do you agree that there
18 might be a danger where you have a situation of the
19 government overseeing the individual who has a few
20 aircraft or on the next page, a few trucks, and telling
21 him really who^{he} can approach as customers. I find it
22 difficult to get a grasp in terms of practicality,
23 although I can see the advantage in theory.

24 A One of the -- I spent
25 considerable time talking about this liaison group
26 that's been already set in motion, and I think one
27 of the benefits of that is that that provides a forum
28 for these kinds of things to be discussed in the
29 first instance between the applicants and industry
30 and Chamber of Commerce representatives and so on.

Q This was a Co-Ordinating Committee that you discussed later on.

Q I think this whole matter of making sure you don't over-utilize the capacity of businesses in the north, what you refer to as a balance

Q -- later on.

Q But the balance would be struck through central co-ordinating or central liaison type bodies.

Q Would it be through the same sort of body that you would attempt to forestall

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1 the creation of new businesses that might not have
2 a market after the construction of a pipeline?

3 A Well, again I think that
4 the role of an applicant can't be to make market
5 assessments and feasibility studies on behalf of
6 somebody else who is outside of their particular
7 immediate area of concern. But it may very well be
8 that some technical assistance can be provided via
9 that kind of a group, or recommendations made or
10 suggestions made to make sure that there are the
11 appropriate feasibility studies done, that kind of
12 thing.

13 Q Well, I agree completely
14 with you, that in fact I would suggest that an awful
15 lot of the programs that you suggest, or the measures
16 that you suggest in here are in fact really outside the
17 control of Arctic Gas, as they probably should be, and
18 that what it is is a best-guess situation that you're
19 bringing forth.

20 A Yes sir, that's correct.

21 Q Is that correct?

22 A That's correct.
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1 Q The central liaison body
2 relating to northern business particularly -- do you
3 anticipate any funding for it from Arctic Gas? I ask
4 this because the Business Opportunities Board that presently
5 exist I know has been set afloat by funding from
6 Foothills and I wondered if this was sort of Arctic
7 Gas's counterpart to the question or how they fit
8 together or what your view is of this?

9 A No. Let me be very clear.
10 When Exhibit 14.c was submitted which is March of 1974,
11 at that time Arctic Gas recommended that there be a
12 liaison group of some sort that involved representatives
13 of the various interested parties to focus on questions
14 like procurement and some of these other matters of the
15 type you're raising. At that time that was not done
16 for whatever reasons. I am not aware of all the reasons.
17 You know, there were reasons outside of Arctic Gas that
18 had to do with government and other people.

19 Subsequently, the Territorial
20 Government has organized the group and that's why as
21 in my testimony I noted that it seems to be a step at
22 least in part in the direction of what we were recommending
23 when Exhibit 14.c was written. But this liaison group
24 is not a creation directly of Arctic Gas. It seems to
25 bear a relationship to a recommendation we made in 1974.

26 Q But it's not the implementa-
27 tion of that recommendation directly?

28 A Not by Arctic Gas. I can't
29 speak for the government people whether they were --
30 kind of had their eye on our recommendation when they did

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1 this or whether they would have done it anyway. I
2 just don't know.

3 THE COMMISSIONER: --
4 in that group too?

5 A The Opportunities Board --

6 Q In the liaison?

7 A Both applicants sir were
8 at the first meeting of that group.

9 Q I know all about the
10 B.O.B.

11 A O.K. They were there too.

12 MR. REESOR: The difficulty I
13 find with that is that you do have the B.O.B. You have
14 this liaison group. You have Chambers of Commerce;
15 various organizations like this and have you discussed
16 central liaison matters with these various groups to
17 see what their expectations are as far as how they fit
18 together?

19 A Yes sir. There have been
20 discussions with all of those organizations including
21 the B.O.B.

22 Q Do they --

23 THE COMMISSIONER: Excuse me,
24 the B.O.B. is the Foothills B.O.B.

25 A Creation, yes sir.

26 Q Right. O.K.

27 MR. REESOR: Do all of the
28 participants to your knowledge see this government
29 liaison or co-ordinating group as some umbrella for
30 all these various other business groups?

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1 A No, I can't say that
2 that's true sir or not true. I don't really know
3 how all of the participants see it.

4 Q You weren't involved in
5 the meeting that you talk of here -- the initial
6 meeting?

7 A I wasn't personally there.
8 No sir. I have seen minutes of the meeting and so on.
9 Or at least I have seen memorandum to do with the meeting
10 and I understand minutes are going to be coming out if
11 they are not out already. My understanding is the first
12 meeting ranged fairly broadly over the entire spectrum
13 of pipeline opportunities that might arise, and that
14 in the second meeting which I understand is to be held
15 later this month, the focus will be ^{on} defining more
16 precisely exactly the kinds of things you are talking
17 about. What should be the objectives. What should be
18 the lines of relationships between the parties and
19 etc. That's the step that they are now at.

20 Q Yes. On page 33, near the
21 top you state:

22 "The point that should be added with respect to
23 the prevention of excessive in-migration is the
24 potential for government to take direct steps with
25 regard to land use regulations and any residency
26 requirements or qualifications for individuals
27 or businesses."

28 Are you saying here that the fact that there are govern-
29 ment land use regulations and municipal land regulations
30 through zoning would put a damper on in-migration?

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A To the extent that a certain amount of -- one can conceive for example in the southern portion of the region where there is direct highway access to the south that people could by road come up particularly during the summer months, not require housing or hotel space but rather live out of campers and that kind of thing and there has been a great deal of that in Alaska. To the extent that the land use controls are there, that could be prevented, it seems to me, very effectively, by simply preventing the use of land along highways or adjacent to communities in that manner.

13 Q Well are you saying the
14 fact that it hasn't happened in the southern valley is
15 because of land use controls?

16 A No sir. I am saying when
17 a pipeline project goes forward, the use of controls
18 could be a factor in limiting that kind of in-migration
19 phenomenon or transient phenomenon; people who come and
20 have temporary quarters of one sort and another.

21 Similarly, it seems to me,
22 that the land use controls and the zoning controls that
23 are in existence are sufficiently rigid that it's not
24 easy for someone to come up and simply throw up a
25 building assuming that they can afford to do that.
26 It's much easier to do that sort of thing in Alaska
27 than it is in the Northwest Territories.

28 Q. Well in spite of the
29 various laws, the zoning controls and so on in the
30 communities, how do you get rid of shacks and various

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1 temporary facilities that are set up by in-migrants
2 If tomorrow morning you look over your shoulder and you've
3 got somebody staying in your gravel pit, how do you
4 police it, is what I am trying to say in actual fact?
5 Fine, there's a law existing and you can kick him out
6 of the gravel pit. If somebody flies in for instance
7 with his last dollar, how do you get rid of this
8 in-migrant?

9 What I am suggesting is
10 that perhaps the fact that ^{there} are various land use regula-
11 tions and zoning regulations and so on on the books,
12 really doesn't mitigate the problem or deter in-migrants
13 at all.

14 THE COMMISSIONER: That's
15 an interesting question. You told us that in Fairbanks
16 people were actually living in parking lots and in
17 tents. You made the point that conditions in winter
18 by and large militate against that kind of thing here.
19 But what Mr. Reesor says raises a fascinating question
20 that -- you know, apparently in South America and
21 places like Rio de Janeiro and Santiago, they have
22 millions of people who actually are squatters. Cities
23 many -- not many -- millions of people who actually
24 live on the outskirts of these cities in contravention
25 of all zoning, all licensing, all by-laws.

26 Now, there you have tremendous
27 population densities. In Bombay, I understand that
28 you have whole cities built up like that with their
29 own irregular civic administration. It's interesting,
30 I'm sure, from Dr. Hobart's point of view, fascinating
as a sociologist

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1 to observe those kinds of things, but I gather that
2 Mr. Reesor is saying that no matter how careful you
3 plan, you can get that sort of thing even here in
4 Yellowknife.

5 Anyway, if you have got something
6 to say about it --

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1 A The only comment I can
2 make -- well, a couple of things that I know. One is
3 that it seems to me that Mr. Reesor has put it exactly,
4 it becomes a question of enforcement, and whether the
5 authorities are willing to levy the appropriate fines
6 or other enforcement measures. I would note that in
7 my understanding of the situation in Prudhoe Bay, for
8 example, where there are regular flights that come in,
9 is that there is a policy of when people get off the
10 airplane, there are land use controls in existence
11 in the area and people who do not have business there
12 are put on an airplane and sent back, and if necessary
13 their ticket paid for, to move them back out of the
14 Prudhoe Bay area. That happens to be a land use
15 control that's under the private -- the, you know,
16 it's under the control of the private companies through
17 the land use regulations.

18 Q In Dartwell
19 actually you land there on private land and you're
20 trespassing and you're kicked out. That's a little
21 different.

22 A Now, the other example
23 I was going to cite was -- and I don't think --

24 Q I don't think anyone is
25 willing to concede Arctic Gas or Foothills that kind
26 of control over Yellowknife.

27 A No sir, no, I agree.
28 The other example -- and I don't know all of the
29 details, but my understanding is that there were land
30 use controls put in in the whole area of the Churchill

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1 Falls development, that worked very effectively, and
2 in some cases it was a co-operative venture between
3 the local community and the developers, in other
4 cases it was land immediately adjacent to the
5 developers' operation, in other cases it was government
6 land and government controls that were used. But that
7 they were effective in preventing or turning back
8 potential in-migrants or campers or whatever. But I
9 don't know the details of that.

10 Q Mr. Trusty, I think we
11 all agree that you've thought through this problem as
12 carefully as anyone has. It just occurred to me
13 kind of an irony here. For many years people have thought
14 of opening up the north, and the Arctic Gas project
15 was the vehicle, and it's still thought of by many people
16 in Southern Canada as the vehicle for opening up the
17 north, except that you're really telling us that if it's
18 opened up, that's fine, except that nobody can come.

19 A

20 I'm talking about that kind of phenomenon
21 that occurred in Alaska.

22 Q Mr. Boorkman pointed out
23 that in the U.S. they think of Alaska as, "where I can make
24 a new start and all the people that know me and all the
25 failures I've had, well, once I get there it's a new
26 ball game." It's an interesting psychic --

27 A Since we had the discussions
28 about Alaska, I made further enquiries about the Fort
29 McMurray situation and it's my understanding that in
30 the very early period of Fort McMurray, when the

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1 development was starting, there was a certain amount
2 of that people coming in looking for jobs or other
3 opportunities. But the lack of facilities, the fact
4 that people weren't just allowed to camp, as it were,
5 and were told to move on. Turn that situation around
6 and it has not been a problem over the last couple of
7 years. That's the kind of thing I'm thinking of
8 in terms of the southern portion of this region. That's
9 not to say that Fort McMurray hasn't grown, but it's
10 grown in tune with the employment opportunities that
11 are there, and that need to be filled. But it hasn't
12 grown in the sense of that swamping of people for whom
13 there is no employment, and who become a drain on the
14 social system generally.

15 THE COMMISSIONER:

16 Forgive me, I'm not
17 trying to be facetious at all in raising these things.
18 It's sometimes helpful to understand this phenomenon
19 that might occur here in Yellowknife by looking at
20 these other places. Well, I think we'll stop for coffee.

21 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
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1 (PROCEEDINGS ADJOURNED PURSUANT TO ADJOURNMENT)

2 THE COMMISSIONER All right, fine

3 Mr. Reesor, go ahead.

4 MR. REESOR: Just in closing
5 our discussion before coffee, I might just mention that
6 as an example of in-migrants, in Yellowknife in '68, there
7 was a very temporary trailer court set up in the dump,
8 that trailer court is still there.

9 THE COMMISSIONER What about
10 the gravel pit?

11 MR. REESOR: The dump is moved,
12 yes. They found it easier to move the dump than the
13 people.

14 Go back for a minute to page
15 23, now this is dealing with the heading of "Trucking".
16 The middle of the last paragraph, you say the dust and
17 maintenance problems through the increased use of high-
18 ways can be adequately dealt with and Arctic Gas under-
19 takes to work with the appropriate government authorities
20 to ensure that this is accomplished.

21 Have you any estimate of what
22 might be the increased cost to the government for
23 maintenance and road building?

24 A No sir.

25 Q Are you familiar with
26 the situation at Alaska at all? I don't think this
27 was touched on.

28 A Well, my understanding
29 sir, is that the Alyeska primarily uses the haul road
30 which they built and maintain at their own expense and

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1 there's some agreement with the government or an agree-
2 ment was being negotiated to do with transferring that
3 to the state at some point, but I'm not really that well
4 up on that situation with the haul road.

5 Q You haven't discussed with
6 the government the availability of funds to provide
7 dust control and just general highway maintenance?

8 A To my knowledge sir, the
9 discussions of the type referred to here have not been
10 carried out in detail as yet, and that's just my knowledge
11 of the situation.

12 Q Page 34, you state that
13 in some communities,

14 "this has involved the building of infrastruc-
15 ture and housing in anticipation of future
16 growth."

17 This is dealing with planning
18 related to the pipeline. Do you have any examples of
19 which communities do have housing ⁱⁿ anticipation of the
20 growth?

21 A My understanding is that
22 this has occurred in Inuvik.

23 Q They have empty houses?

24 A I understand that's correct,
25 that there are units currently available that are not
26 occupied and that were built at least --

27 Q I'm sorry, I didn't catch
28 the last part.

29 A Units available that are
30 not occupied that were built in anticipation of the growth,

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1 and in fact my understanding is that the situation there
2 is starting to hurt because of the delays that have now --

3 Q Is it your understanding
4 that these are multi-family units? Apartment buildings?

5 A I don't know their exact
6 nature sir, no.

7 Q Page 39 you refer to
8 liaison with communities to discuss with them aspects
9 of the project in both the construction operating phases
10 that could effect a general pattern of growth in a
11 community, the level and type of activity in the vicinity
12 of the community or community planning generally. Do
13 you anticipate that this would be strictly a flow of
14 information from Arctic Gas to the communities to let
15 them know what Arctic Gas was doing, or would it entail
16 providing expertise in doing up general plans for
17 communities or funding, perhaps, for facilities or what
18 would this liaison provide?

19 A We hoped, sir, that it
20 would go beyond simply a flow of information from Arctic
21 Gas to the communities. It would include that certainly,
22 but we would hope that it would be a true consultative
23 effort to ensure that whatever Arctic Gas and or the
24 producers do in communities is in tune with community
25 plans. We would want the opportunity to bring our views
26 and studies forward so the communities would be made
27 aware of those and then engage in a dialogue about the
28 best way to proceed. We do not intend to get into the
29 position where we're planning for the communities or
30 attempting in some way to dictate to the communities what

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1 they should or shouldn't do. Rather the opposite. We
2 would expect to sit our plans with the community plans
3 and that requires a dialogue.

4 Q Would you agree that your
5 approach would be one of flexibility, would be basically
6 up to the community to decide for itself, what level of
7 we'll say contact with the pipeline related facilities
8 they have, they should have? What impacts they feel
9 they can handle?

10 A Within reason, yes sir.

11 Q Who would be --

12 A Flexibility certainly is
13 the key word.

14 Q Who would be the spokesman
15 as you see it, or how would you get a feeling for the
16 view of the community? What I'm referring to here, of
17 course, is the various diverse groups we find in some
18 of these communities.

19 A Yes. Well sir, we haven't
20 structured out the exact or precise sequence of contact
21 if you like. I think it will have to be tailor made
22 to each community because the situation varies from
23 community to community. We would expect to be dealing
24 with people like the town managers, the elected officials
25 in the communities, the consultants that the communities
26 have used for their planning, but that obviously is at
27 the option of the communities, whether they would want
28 that to happen or not.

29 Q So you don't have a definite
30 idea, for instance in Inuvik. If you went into Inuvik and

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1 wanted to sit down and get an idea of whether their
2 expectations were, as far as development, who you would
3 talk to or which organization or which group you would
4 talk to, that you would feel confident that they would
5 be reflecting the opinion of the majority of residents?

6 A Well, in my opinion, sir,
7 we'd want to end up in a position where we were talking
8 to a range of groups.

9 Now, you know, whether the
10 sequence -- the appropriate sequence is another matter.
11 Presumably one starts by having some contact with the
12 Mayor and the elected officials and help working with
13 them to structure the sequence, but I would assume that
14 one would not want to ignore the Chamber of Commerce
15 people, who represent business interests, the planning
16 arm of the local government and so on.

17 Q We turn to your panel
18 five evidence. A few brief questions.

19 Page 8, you develop your ratio
20 between the primary and secondary industries, tertiary
21 and quaternary. The ratio that you would see would develop
22 into a 40-60 on the assumption that -- I quote here,
23 "That the number of jobs in government will
24 not grow as rapidly as those in primary
25 activities"

26 In your consultations with
27 government, have you been able to get an estimate of
28 the number of people, the number of employees that they
29 see taking on in the next few years, to be able to state
30 that in your own mind with assurity or is this plainly
just an assumption?

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1 A No sir but we have not
2 got an estimate from government. But I would note
3 two things about the calculations themselves. The
4 first is that with the hydrocarbon industry jobs, the
5 government would have to really push at a lot of people
6 to keep that balance the way it is currently, because
7 the jobs will come in the primary and secondary
8 sector in the first instance.

9 The second thing is that the
10 population growth factor that was used in these
11 calculations has built into it the normal in-migration
12 that has been current over the last several years.
13 My understanding is that in recent years, a good
14 percentage of that normal in-migration has been a
15 government related phenomenon. Therefore, in doing
16 the calculations we've built in a government growth
17 that is consistent with what has been happening. I
18 mean, that's implicitly built in. It's not identified
19 separately or anything, but it's implicitly there in
20 the population growth. So that --

21 Q So unless there is a
22 tremendous upsurge in government personnel because of

23 A Yes.

24 Q -- pipeline development.

25 A Of a permanent kind in
26 the context of these calculations, it would have to
27 be an upsurge of a permanent type as opposed to
28 government inspectors, say, who work out of construction
29 camps and therefore are no different than a pipeline
30 worker coming in and out from the south.

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1 Q Yes. On page 14, you
2 state at the bottom of the page:

3 "Since the study was published, the conclusion
4 with regard to the growth of Inuvik has been altered
5 as a result of several factors. First, studies
6 done by others using different methods and so on".

7 Could you give me an example
8 of these studies that you've --

9 A Stanley and Associates.
10 Would you like the exact title? It's "Mackenzie
11 Valley Pipeline Community Impact Study", December
12 1975 done for the Northwest Territories Association
13 of Municipality by Stanley Associates Engineering
14 Limited.

15 Q Thank you. Are there any
16 other studies that you have drawn on that this report
17 refers to?

18 A In this paragraph, it's
19 referring specifically to that study.

20 Q I see. Your strategy
21 to offset a tremendous boom we'll say in construction
22 in communities in line with your figure one -- have
23 you done a community by community analysis or just as
24 you show here, Inuvik and all other communities?

25 A No. That analysis was
26 done specifically for Inuvik, Fort Simpson, Hay River
27 and Norman Wells.

28 Q I see. On the chart
29 I believe, if I am interpreting this correctly that the
30 rate of increase in construction -- let me phrase that a

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1 different way. Because of the different slope that
2 you envision, the rate at which construction is built
3 would increase right until the end of 1984 and beyond,
4 I assume. Is that correct?

5 A Are you talking about
6 the phased picture or the other?

7 Q No, I am speaking --

8 A I wonder if it would
9 help if we threw that slide back up on the screen.
10 Now, are you talking --

11 Q Under the phased program --

12 A Yes.

13 Q In 1982, you show a little
14 jog.

15 A A big jog, yes.

16 Q A big jog that shows
17 that the rate of increase in floor space will increase.
18 Not just the amount of floor space, but the rate at
19 which it is constructed.

20 A That's correct. That's
21 correct.

22 Q Do you anticipate that
23 that would continue on into the future indefinitely
24 past 1984?

25 A Well, let me make a
26 couple of points. In the upper chart, you have a
27 steady increase as the induced effects occur and so on.
28 In the lower chart what you do is you artificially
29 constrain that, and if you make the calculation for 1985
30 and say that we want to be in the same ^{place} in 1985 as we

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1 would have been in the unconstrained, then you get the
2 picture that is shown, more or less. O.K.? So it's
3 in that sense it reflects the calculation procedure of
4 keeping 1985 as the terminal date.

5 If you said "We're not concerned
6 to be there by 1985", then you could keep that line
7 running steadily or alter its slope as you see fit.
8 Do you follow what I mean?

9 Q Maybe if I just go over
10 it, and you can see if I am correct here. With the
11 take-off of the line showing a tremendous upsurge after
12 1982 in the amount of floor space that will be construct-
13 ed,--

14 A Yes.

15 Q Up to 1984.

16 A Yes.

17 Q That that amount that
18 would be built in that period should be adequate to
19 handle the requirements for that period?

20 A Yes, that's correct.

21 Q Are ^{you}'saying by implication
22 that after 1984 that you could then see a more of a
23 levelling off?

24 A If nothing else happened,
25 that's correct.

26 Q So if ^{you}'carry that graph
27 on beyond 1984, you'd see the job take off from 1982,
28 1984 and then come down in more in line with the normal
29 growth.

30 A -- the normal growth and

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Cross-Exam by Reesor

1 replacement. Yes that's correct.

2 Q I see.

3 A I might note that that
4 replacement demand -- our conclusion is that all
5 housing structures in the whole region should be replaced
6 by the year 2000 so that that portion of the growth
7 after 1984 if you like, could become quite a substantial
8 one if one wanted to continue on a building program.

9 Q On page 21, you talk
10 about discussing with communities the possibility of
11 constructing central facilities that can evolve in
12 terms of the specific use of space as they shift away
13 from the pattern of rotating employees. Is this
14 residential facilities or commercial facilities?

15 A Well sir, there is a
16 number of ways one can look at it. We obviously haven't
17 made a landing yet or even evolved a concrete plan. But it
18 is one of the things we ^{would} want to explore with the
19 communities.

20 If you are going to rotate
21 the employees in and out, you can consider temporary
22 facilities that would be removed when you want to move
23 to single family housing or more permanent quarters for
24 them. You can consider building an operations center
25 that has dormitory space in it. When you no longer need
26 that, you could change that space into some other use
27 and that use could include for example office space that
28 is available to the community generally. So that you
29 can -- you know, it's a question of the use of space in
30 general, and therefore how you construct it and how you're

Trusty & Hobart
Cross-Exam by Reesor

1 going to evolve as you evolve through this transition
2 of rotating to permanent employees.

3 Q Well the term --

4 A It may turn out that
5 different approaches are required for each community.

6 Q The term "central
7 facilities" to me brings to mind a company structure
8 where everybody lives together and works together and
9 operates together without being integrated into the
10 community. Would that be what you mean?

11 A Yes, but that would not
12 be our intent over the long term. But if you are talking
13 about the shorter term when you have employees rotating
14 in and out, then that sort of facility may be the
15 appropriate way to go. Alternatively, a given community
16 may feel that it would much rather see an apartment
17 building built that has a lot of bachelor quarter --
18 or bachelor sized quarters in it, and have rotating
19 employees living in that kind of a facility, rather than
20 in some central facility that's built by the company --
21 built exclusively by the company.

22 The key from Arctic Gas'
23 perception is to do it in a way that does not involve
24 Arctic Gas or in the case of Inuvik, the producers renting
25 or buying the existing housing stock and therefore
26 reducing that stock that is available for the normal
27 residents of the community. Arctic Gas fully intends
28 to do it in such a way that the stock is incremented,
29 not reduced. Now, the exact method of doing that is
30 something that needs to be discussed with the communities

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Cross-Exam by Reesor

1 and each community may have different preferences or
2 different reasons why it should be done in different
3 ways.

4 Q Do you have a timetable
5 for such discussions?

6 A We would hope to initiate
7 them this summer, very soon.

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Trusty & Hobart
Cross-Exam by Reesor

1 Q One final matter, dealing
2 with recreation in 14.c of the application, Arctic
3 Gas states:

4 "The policy will be to work with community
5 representatives to provide appropriate
6 recreation facilities. The applicant will
7 not provide or administer such facilities
8 for the sole use of its employees, but will
9 work with others to provide^{for} the needs of the
10 total community."

11 Has this policy been developed enough to go into more
12 detail?

13 A We have looked at
14 alternatives, or Arctic Gas has looked at alternatives
15 but to say it's been developed would be incorrect
16 because again it's a matter that we think is appro-
17 priate for consultation with the communities, and in
18 that consultation we would hope to come up with the
19 kinds of alternatives that we've looked at and present
20 those and be able to discuss them.

21 Q Might the alternatives
22 include funding?

23 A It could, yes. There
24 are for example, from my understanding, is that in
25 communities where one or two industries predominate
26 there are formula that have been developed over time
27 whereby an industry contributes to a recreation facility
28 that's available for the community as a whole, and its
29 level of contribution goes down over time as the
30 community grows and as its proportional use of the

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1 facilities reduces, and in my opinion from what I've
2 heard on this matter, that's far preferable to a
3 situation where an organization builds something and
4 maintains it and it kind of is the industry thing,
5 whatever it is, whether it's a curling rink or a
6 swimming pool. But rather that there be some sort of
7 contribution made and that it's a community effort
8 and the industry participates in proportion to its
9 use or its size relative to the community. That's one
10 kind of approach.

11 Q Would I be correct in
12 assuming that this sort of co-operative approach
13 as far as recreation goes would only apply to the
14 communities of Inuvik, Norman Wells, Simpson and Hay
15 River?

16 A That's our current
17 thinking, yes sir.

18 Q O.K. One other matter.
19 Dr. Hobart, what in your appreciation is the importance
20 of expectations of a community? What I'm referring to
21 here is, is it important to get a handle on what the
22 community expects versus what is actually going to happen?
23 How about expectations, and what role does it play in
24 terms of satisfaction of outcome?

25 WITNESS HOBART: That's a
26 pretty broad question. Can you narrow down "expecta-
27 tions" a bit for me, please?

28 Q Would you agree if I
29 said that the degree of overlap between an expected
30 outcome down the road, 1985 or whatever, and the

Trusty & Hobart
Cross-Exam by Reesor

1 actual outcome would determine how satisfied a
2 community would be with that outcome? Would that be a
3 way to characterize it?

4 A With respect to develop-
5 ment impact?

6 Q Yes.

7 A Yes. I think I would
8 agree with that basically because if people think it's
9 going to be good, to over-simplify it verybadly,
10 obviously, they will have that set in perceiving
11 subsequent events. If they have a negative set, that
12 will color their perception of subsequent events also.

13 Q So a study would show
14 the best population level for Inuvik based on
15 economic studies and other scientific studies, but
16 that the community leaders say -- felt that a population
17 of 10,000 was the sort of things that that would bring,
18 would be a better level and that was the level of
19 expectations. What we're saying is that a level of
20 10,000 would provide a better satisfaction for them.

21 A What we're talking about
22 here is some degree of conflict, I gather, between
23 expectation and actuality, and what I'm wanting to
24 suggest is perception of actuality, is shaped by
25 expectation. But if I expect a good meal tonight
26 and wind up going hungry, that's not going to make
27 me feel full.

28 Q No, but that would cause
29 dissatisfaction because the reality and your expecta-
30 tion were quite different. You might be more satisfied

Trusty & Hobart
Cross-Exam by Reesor

1 with the outcome if you didn't expect a meal, and in
2 fact you didn't get one.

3 A O.K.

4 Q So therefore it's not
5 only important to carry out the various studies to
6 get an appraisal of what the experts say will be the
7 best outcome, or would you say as well it's very
8 important to find out what the community expects,
9 because that will have a major bearing on whether
10 they're satisfied with the outcome?

11 A I think that a continuing
12 dialogue between the community and the planning organ-
13 ization, private, public, what will you, is extremely
14 important both in terms of providing for appropriate
15 input and in terms of shaping expectations so that
16 people are not unpleasantly surprised, suddenly
17 unpleasantly surprised.

18 Q So community consultation
19 then is more than just nice P.R.

20 A Yes, definitely.

21 Q In terms of outcome and
22 community satisfaction down the road.

23 A Definitely.

24 MR. REESOR: That's all my
25 questions, thank you.

26 THE COMMISSIONER: Thank you,
27 Mr. Reesor.

28 MR. GOUDGE: Mr. Bayly.

29 THE COMMISSIONER: Do you
30 think this will take us till five?

Trusty & Hobart
Cross-Exam by Bayly

1 MR. GOUDGE: Yes.

2 MR. BAYLY: Same here.

3 CROSS-EXAMINATION BY MR. BAYLY:

4 Q Mr. Hobart, I'd like
5 to start with you, if I may. Now, in the debate that
6 has been carried on back and forth regarding the
7 value of country resources, I take it that you have
8 in your part of the debate, acknowledged that Gemini
9 North and others may have used incorrect methods of
10 putting a value to country food, that it may have
11 been valued too low. Is that correct?

12 A Yes, I would think that
13 there is no perfect way, but that the method that they
14 chose underplayed the picture very badly with respect
15 to communities generally.

16 Q So to the extent of that
17 underplaying, you re-examined the analysis of the
18 native economy and that was reflected in your
19 evidence.

20 A Yes. You're talking
21 about my overview statement?

22 Q Yes.

23 A Yes. Basically what I
24 meant to be saying there is simply that these are the
25 data which are available. They are all either out-
26 dated or suspect, but that this is the best picture,
27 the most accurate picture it is possible to pull
28 together at this time, in terms of the data that
29 I am aware of.

30 Q All right, and by giving

Trusty & Hobart
Cross-Exam by Bayly

1 an increased value, I gather, to the subsistence part
2 of the economy, that changes the balance somewhat from
3 the balance that Gemini North assigned to the whole
4 picture.

5 A Definitely.

6 Q In both pieces of
7 evidence you have given, you talk about the dual
8 economy and I'm concerned with definitions here, and
9 I'd like you in your own way to define "dual
10 economies" because I think people have been using that
11 term in different ways.

Trusty & Hobart
Cross-Exam by Bayly

1 A The dual economy, in terms
2 of my understanding and use of the phrase includes on
3 the one hand, the subsistence economy, which means that
4 the fish and the game meats that are taken from the land
5 are shared commonly, generally, that is that they go
6 beyond the family of the hunter.

7 The alternate economy, the
8 second economy, the pecuniary economy, let's call it,
9 if we may, there the product of that economy is by no
10 means shared as widely.

11 Now, it is handled much more
12 as southern whites tend to handle earned income. I say
13 much as, and I use the phrase as generally, because it's
14 my impression again that gifts of money are more commonly
15 made in native villages than they would be among southern
16 whites.

17 Q And I take it you're aware
18 that other people have been using that term somewhat
19 differently. It appears for example, the term dual
20 economy may refer to a way of dividing activities between
21 those that are carried out in the bush, either hunting
22 fishing and trapping and those industrial activities
23 that -- in particular in the delta are being carried out
24 in relation to oil and gas and mineral exploration?

25 A Yes. I would understand
26 the activities appropriate to these two ways of earning
27 resources to be implied.

28 Q Right.

29 THE COMMISSIONER: You have
30 the money economy that we're all part of, the native people

Trinity & Hobart
Cross-Exam by Bayly

1 have their own bush economy, but many of them and all
2 of them to a ^{greater or} lesser extent, participate in the money
3 economy as well. The mother with the family allowance
4 cheque, the pensioner whose trapped all his life but
5 gets the pension cheque and so on.

6 A Yes.

7 Q There's nothing terribly
8 difficult or complicated about this is there?

9 A I am not thinking so, no.

10 MR. BAYLY: My only point,
11 Mr. Commissioner, is to make sure that when people are
12 'talking about these things that they're either talking
13 about the same things or at least defining what they
14 mean.

15 THE COMMISSIONER: Well, if
16 you work in the delta, presumably you'll get money for
17 that, you're participating in the money economy. If you're
18 out shooting caribou or hunting fish for food for your
19 family and your friends and your neighbours, that's the
20 bush economy and trapping is a category that we haven't
21 quite decided what we're going to do with it I guess.
22 Because often you get the meat for your family and the
23 skin to sell, I suppose.

24 MR. BAYLY: Yes. Now --

25 THE COMMISSIONER: We'll let
26 the economists sort that one out.

27 MR. BAYLY: Right. Now, again
28 on a matter of definition, Dr. Hobart, on pages 9 and 10
29 of your overview, you refer to the word change and
30 accelerated change, and we've had discussions with Dr. Asch

1 and you at other times concerning just what this change
2 is, and you'll recall that Dr. Asch talked perhaps more
3 about values as opposed to indicators, and what I would
4 ask you to do is define for us the difference between
5 indicators of change and what you think of as change it-
6 self.

7 A Change obviously poses
8 a problem because the more anthropologists know about
9 any society, the more they have to say no society is
10 static. Every society changes some. So, we're talking
11 about speed of change.

12 Now, in terms of indicators,
13 what you're looking for are data which are sensitive on
14 the one hand and objectively verifiable on the other
15 hand.

16 I think I'll stop there because
17 I don't recall that I was talking about indicators
18 of change.

19 Q Right, but let me just
20 say as I understand your evidence that you say that
21 changes are happening in the western Arctic, people are
22 no longer hunting, fishing and trapping exclusively.
23 That they are no longer hunting, fishing and trapping with
24 the same equipment that they hunted, fished and trapped
25 with 200 years ago, they now have houses and television
26 sets, and they may have electrical appliances as opposed
27 to stone lamps and outdoor cooking fires. These, I suggest
28 to you are the things by which you have measured change,
29 would you agree with that?

30 A Yes, but I said more than

1 that.

2 Q Yes.

3 A The thing that I have
4 maintained is that there have been some pretty basic
5 changes in institutions, and so I queried Dr. Asch's
6 statement that the traditional institutions remain
7 strong, or implications to that effect. Explicit implica-
8 tions to that effect, in my reading of his testimony.

9 Q All right, and what
10 you say, is that some institutions are not the same and
11 in that sense you are using the term strong, as they
12 used to be.

13 A Right, right.

14 Q Now, away from definitions
15 for a minute and let's go to page 32 of your overview,
16 and at the end of the first paragraph, you state that
17 as the government has learned, even the possibility of
18 fairly high remuneration has not been sufficient motiva-
19 tion for this group and you're referring there to
20 native peoples between the ages of 16 and 29.

21 Now, I gather that's in reference
22 to the fact that the government has been somewhat
23 unsuccessful for its own purposes of recruiting native
24 people into government service of various kinds?

25 A No, that's not what I
26 was referring to.

27 Q All right, let's start
28 with that though. ARE you aware of that being a problem
29 at present?

30 A The main problem in that

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Cross-Exam by Bayly

1 regard that I'm aware of has been the scarcity of people
2 with the requisite levels of skills to fill the jobs that
3 the government is increasingly wanting to place in the
4 hands of native people. That was a condition which was
5 far more commonplace in the early and mid '60's than
6 in the present. That's the only thing that comes to
7 mind, relative to your question.

8 Q All right. I understood
9 that the Commissioner of the Northwest Territories had
10 contracted a Mr. Belcour to find out why native people
11 were not going after employment opportunities with the
12 Territorial government.

13 A I'm not familiar with
14 that.

15 Q You're not familiar with
16 that study.

17 A No.

18 Q Now, would you then go on
19 to tell us what jobs that you were saying that 16 to 29
20 year olds were rejecting despite fairly high remuneration?
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Cross-Exam by Bayly

1 A Yes. I have a small
2 problem with this because I've forgotten the explicit
3 details that I had in mind when I wrote this in
4 February or March, whenever it was. But the general
5 circumstance was that the government, during the
6 mid-'60's was interested in facilitating back to the
7 land sorts of movements of various kinds. The general
8 sentiment which was still pretty strong at that time
9 was "get the people back on the land. They are better
10 off there than in communities where various kinds of
11 problems tend to develop".

12 So, various incentive programs
13 were developed -- well various programs in terms of
14 setting up whaling camps and fishing camps and that sort
15 of thing, and there were certain specific incentives
16 in connection with that which were experimented with.
17 Those incentive programs -- there were examples of
18 incentive programs of that sort which failed in their
19 purpose because even with that kind of incentive, the
20 younger people did not want to involve themselves in
21 those sorts of traditional kinds of activities at that
22 time. That's what I had in mind there.

23 Q All right. I wonder
24 if you could -- you say that you've forgotten the
25 details of that. Would it be possible for you to
26 supply us with those examples by way of a letter through
27 your counsel at some point?

28 A I'll certainly try to
29 dig that out if I can, yes.

30 Q I gather that particular

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Cross-Exam by Bayly

1 phenomenon is contrasted on the other hand by experiments
2 like the one at North Star Harbor which is presently
3 going on which is a "back to the land" situation --

4 A involving --

5 Q -- involving five house-
6 holds.

7 A Two households, I heard
8 but I may be mistaken.

9 Q Well, there were five
10 buildings there I think. I don't know if there were
11 people living in them.

12 THE COMMISSIONER: Well I
13 was there. I think it's four households and two single
14 men who are incipient household heads, I suppose.

15 A Let me just add however
16 that North Star Harbor is a development of the 1970's
17 and I was referring here to a situation in the early
18 sixties.

19 MR. BAYLY: Yes.

20 A There has certainly been
21 some change in climate since then.

22 Q Yes. Is one of the
23 examples you were referring to, just to refresh your
24 memory, the Baillie Island fishery?

25 A There were fisheries
26 at Baillie Island and there were whaling camps at
27 Kendall Island and there was a whole series of those
28 sorts of things. There were sponsorships of caribou
29 hunts also that I am aware of. Well, associated with
30 one or another of these was some further attempt to

Trusty & Hobart
Cross-Exam by Bayly

1 sweeten it in terms of incentives and the venture did
2 not succeed in recruiting in the younger people, is
3 my memory of that as of now.

4 Q All right. Now, that
5 you say is a phenomenon of the sixties that because of
6 things like North Star Harbor and it may not be entirely
7 true for the seventies?

8 A Yes. I think that in the
9 1970's there has been something of a resurgence of
10 interest on the part of a minority is my appreciation
11 of a bit of a "back to the land" satellite settlement
12 thing. That's been discussed a great deal. There
13 was an influx and as a counter-reaction to that, there
14 is a bit of movement outward again; a minority but
15 definitely a part of the current scene.

16 Q But I gather you haven't
17 done studies to figure out what sort of proportions
18 of people are involved in this movement.

19 A No. No.

20 Q Now, if we could go to
21 page 41 of your overview, in the section under the
22 educational system, you refer on that page to rapidly
23 increasing educational attainments on the part of
24 native peoples. It goes on to page 42 as well.
25 You cite the rise from 36 high school graduates in 1969
26 to 51 in 1974. Now, at another stage in your evidence
27 you talk about the "baby boom" and the increase in
28 population. What I would want to know is whether
29 these figures may also reflect the baby boom as much
30 as they do the increase in the use of educational

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1 facilities to their completion?

2 A Certainly they could.

3 I would call attention to the fact that that ^{figure} 51 is an
4 estimate which I mentioned later could not be verified
5 as of now, because the Department of Education does not
6 keep statistics according to ethnicity.

7 Q Could we go to your second
8 piece of evidence at this point please? I refer you
9 to page 13 in your -- this is your panel four evidence.
10 You talk about the potential for abuse or exploitation
11 of native peoples by a minority of white people. Up
12 at the top of the page. You suggest that this should
13 be more effectively controlled than ^{it} may have been in
14 other situations. Can you give us some recommendations
15 on how to control that? You did speak at one point
16 about controlling it through rules and regulations but
17 you didn't enunciate how this sort of -- how you can
18 regulate this kind of tension or exploitation?

19 A My statement does
20 not suggest that it has been greater in other situations.
21 My statement is meant to suggest that certainly there is
22 a potential for such abuse or exploitation on the part,
23 as I suggest earlier, of a small minority of the kinds
24 of workers that would probably be involved. Now,
25 I don't think I am able to add anything that was mentioned
26 in earlier testimony by Mr. Trusty primarily. That
27 is, to forbid people to leave the camps, assuming that
28 co-operation from the union is forthcoming to locate
29 those camps as far from settlements as construction
30 exigencies in certain cases require. To ensure that

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1 there is no road access to the camp, and as well to have
2 a work schedule that leaves men with little time on
3 their hands for hell raising kinds of activities, I
4 can't think of anything immediately that would go beyond
5 -- that would improve on that package.

6 Q Would you agree with me
7 that it doesn't take very many people to get on the loose
8 in a small community to cause the kind of disruptions that
9 you are thinking of at present?

10 A I definitely would.

11 Q Yes. It might even be
12 one or two people.

13 A Definitely.

14 Q All right. What you are
15 saying is that Arctic Gas may, because of its employment
16 contracts and contracts with its building contractors
17 and agreements with its unions, may be able to control
18 the primary workers, to keep them out of this kind of
19 mischief to a very large extent? Right?

20 A Yes.

21 Q But if I were to suggest
22 to you that they will not have this same control over
23 secondary, tertiary or quaternary -- is that how you
24 pronounce it Mr. Trusty?

25 WITNESS TRUSTY: I don't
26 pronounce it that way, but that's all right Mr. Bayly.

27 THE COMMISSIONER: That's
28 Wall Street, financial services.

29 A That's right. It's much
30 easier.

Q Well, banks and so forth.

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Cross-Exam by Bayly

1 MR. BAYLY: It's much more
2 difficult to control the hell raiser the farther away
3 you get from the primary activity.

WITNESS HOBART:

4 A It is.

5 Q But the same truth would
6 hold that it may only take a very few people in either
7 any of those segments to cause the same kinds of
8 disruptions.

9 A Agreed again.

10 THE COMMISSIONER: May I
11 raise a point that occurred to me when you were present-
12 ing your paper this morning Dr. Hobart? These camps
13 will have about 800 people. The purport of all the
14 points you made is in my mind. But I wondered about
15 the analogies you sought to draw from the experience of
16 Pan Arctic and so forth. Those crews are rather more
17 limited in number than a pipeline construction spread
18 as I understand it. The work is arduous. You have
19 this rotating in and out business. I am fully aware of
20 all of that.

21 But it seems to me you have
22 a crew situation in terms of its composition. I mean,
23 I have been on those rigs and a lot of those people
24 are trained people -- geologists and so forth. You
25 know, they are people like us. They don't raise hell.
26 But these crews would be rather more similar in composition
27 to the crews you have along the Alaska pipeline than a
28 Pan Arctic drilling rig crew. It seemed to me your
29 analogy wasn't as useful as it might have been. I'm
30 sure you might go along with me on some of it part of the
way there.

Trusty & Hobart
Cross-Exam by Bayly

A In terms of my familiarity with base camps and drilling rigs, well, roughnecks aren't called "roughnecks" for nothing, you have swamper who handle loads on trucks, you have a lot of truck drivers. The number of skilled workers, semi-professional or professional, is, it seems to me in my experience, really a small minority. I am curious as to why ^{our} perceptions differ.

Q Oh, I think that's probably true. Well, I was thinking of seismic.

A Yes.

Q You have a certain number of highly trained people who are professionals in the sense that Mr. Trusty and you are professionals, and a rig has maybe 50 people in the crew. A seismic crew has maybe 50 people. It's a little easier to direct the activities of 50 people than 800 --

A Yes.

Q -- on a spread that is some of these spreads will be in reasonable proximity to communities, whereas there aren't very many drilling rigs that you can get away from and head into town, that sort of thing.

A Yes. The other thing I had in mind that I was going to respond was the Nanisivik Mine setup at Strathcona Sound. Now, when I was there -- and this is a year ago this coming September -- I was enquiring about other matters. There you have a proximity factor, about 18 to 20 miles between the mining site and Arctic Bay. I made some enquiries

Trusty & Hobart
Cross-Exam by Bayly

1 about worker impact because the situation at that time
2 was that Arctic Bay people were permitted to go home
3 on weekends, that the bulk of the crew worked seven
4 days a week but they were permitted to take off an
5 extra day, if they wanted, and the Igloolik men
6 were going to Arctic Bay also and I enquired specifically
7 whether this minor influx of Igloolik men was not
8 upsetting matters some. I was told it was not and
9 there ~~were~~ elaborations on that, but my point is that
10 if there had been intrusions by white fellows, I
11 would have heard about it in that context, I think.

12 Now again, the crew at the
13 mine at that time was not 800 men, by any means, but
14 it was over 100, if memory serves correctly.

15 Q The permanent work force
16 there is 60, isn't it?

17 A I'm talking about the
18 construction crew.

19 Q Yes, and the permanent
20 work force there, I think, will be something like 60.

21 A I think so.

22 Q Do you want to add
23 something?

24 WITNESS TRUSTY: Well, I simply
25 note, the point Mr. Williams made that it
26 would be rare, if ever, that a spread camp was operating
27 with a full complement of people who would ultimately
28 work through that spread at any given time. In other
29 words, the 800 would be unlikely to be in the camp,
30 and the camp is actually smaller, even though the

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Cross-Exam by Bayly

1 spread size is 800 in terms of the functions to be
2 performed, and the other point is that my understanding
3 of the way the spread functions is it really sub-divides
4 down into the crews doing specific jobs who become
5 relatively isolated from each other in the course of
6 work and tend therefore to form smaller groups and
7 I would expect that that probably occurs in the camps
8 as well. In other words, the stringing crew is
9 different than the welding crew, and they're separated
10 in space and in function, and probably in their
11 social relationship, and Dr. Hobart may comment.

12 Q Well, you may be quite
13 right, but you've still got an awful lot more peak
14 periods than you have --

15 A Yes.

16 Q One other thing while
17 we're talking about past developments in the N.W.T.,
18 the mining industry is employed, until Nanisivik, the
19 mining industry has employed virtually no natives.

20 WITNESS HOBART: With the
21 exception of Rankin Inlet.

22 Q O.K., I take it the
23 Mackenzie area, the Mackenzie District, and the
24 Nanisivik and the Rankin^{Inlet} is sort of government --the
25 government planned them and the government was in it
26 right up to their necks, and for reasons of public
27 policy they were all well aware of. Pine Point,
28 it appears that even though there's a large body of
29 unemployed men at Fort Resolution, has been all along,
30 and a road making access possible by truck or

Trusty & Hobart
Cross-Exam by Bayly

1 automobile, we've heard figures like such as, you know,
2 only six people out of 600 are natives and so on.
3 Now if the government had gotten in there at the
4 beginning with their Nanisivik proposal, it may be
5 the history of that project may have been quite different.
6 But as it has turned out, ^{it is,} what we called in B.C. an
7 instant town near an ore body and you could put it
8 anywhere in the interior of British Columbia and
9 nobody would know the difference, including the
10 inhabitants, except for the climate, and that
11 isn't necessarily all that different.

12 If you sought now to enforce
13 some kind of quota program to employ native people
14 at Pine Point, because the whole thing has already
15 been established, you'd really be introducing what the
16 people in Pine Point ^{would} probably think of as a
17 social problem. "We're happy here. Why introduce
18 this racial mixture?" You know, by some forced
19 quota process, that's what you'd be facing now and
20 no doubt that's why the government got into Nanisivik
21 right on the drawing board stage. That's an interesting
22 experiment, if I'm using the right -- I mean Strath-
23 cona Bay.

24 Anyway, do you have any comment
25 on that? Am I looking at this in a way that makes
26 sense to you or not?

27 A Yes. If I might make
28 one comment on your last observation. The introduction
29 of Nortran workers into southern compressor sites
30 seems to me to be even more extreme in some senses than

1 if one attempted to introduce natives into the
2 Pine Point work crew.

3 Q But excuse me. Pine
4 Point, I should have said this, presumably would
5 -- yes, I see, if there are people commuting from
6 Resolution you wouldn't introduce housing, you
7 wouldn't provide them with housing at Pine Point.
8 I suppose that's -- however, make your point.

9 A My point was simply that
10 that disruption ^{quota} in the Nortran context in the south
11 really worked very smoothly, and people accepted
12 the rationale and that sort of thing. I would be
13 personally more optimistic than you sound, if I under-
14 stand you correctly, that it would be possible to
15 impose-sell that sort of move in the Pine Point context.

16 In terms of integrating the
17 community, that is providing housing for native people
18 who ^{were to} work at Pine Point, again the literature that's
19 relevant to this that I'm familiar with says that
20 it's possible to do that with appropriate orientation
21 to the whites with appropriate orientation to native
22 people in terms of housing and this kind of context.
23 Insofar as it is laid down as policy of the outfit that
24 owns the show anywhere, and kind of a like it or
25 lump it sort of thing, why the -- it tends to work
26 itself out.

27
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1 Q

2 The outfit that owns the show being the
3 Government of Canada or Cominco or what?

4 A I assume that Pine Point
5 town is owned by Cominco.

6 Q Cominco, yes.

7 A Yes, right. So, that if
8 it were Cominco policy, to say, it's obviously preposterous
9 to have an all white mining crew in the Territories where
10 the majority of the people are native. We are embarking
11 on a programme of --

12 Q Oh, I see.

13 A So that --

14 Q Cominco were sold on that,
15 yes.

16 A It became company policy
17 to strive for an integrated work crew.

18 Q Yes. Well, sorry to
19 interrupt you. These are very difficult questions, with
20 many facets to them.

21 MR. BAYLY: I gather, just
22 before we leave this, Dr. Hobart, the analogy that you've
23 drawn between the Nanisivik situation and the delta one
24 should take into account ^{the fact} that if the person from Cloud
25 River or Pond Inlet is visiting a family in Arctic Bay,
26 there may well be kinship relationships.

27 A Agreed, definitely.

28 Q And that is somewhat
29 different, perhaps, from the southern worker coming in
30 where he isn't really related to anybody, he can't go to

Trusty & Hobart
Cross-Exam by Bayly

1 his sister's house or his grandmother's, this sort of
2 thing.

3 A By all means. The point
4 I meant to be making there was not that analogy, but
5 was to say that it's analogous in the sense of proximity
6 between the mine and the townsite. 18 or 20 miles is
7 -- well, it's far, but it's not all that far. Where
8 there's a will there's obviously a way, if there's only
9 18 or 20 miles intervening and that white encouragement
10 on that community has not occurred at all to my knowledge.

11 Q Well, would you have,
12 Dr. Hobart, any suggestions to make, not for those
13 Arctic Gas workers but for the secondary, tertiary, etc.
14 workers that may cause these kind of problems in the
15 community. Is there a way that you can think of that
16 they could be controlled in their activities, either
17 by regulation. I'm talking about once they get their --
18 we've heard Mr. Trusty say they should be discouraged
19 unless they have a good reason to be there, but once
20 they get there, what do you do about them?

21 A Well, I need to establish
22 the parameters of this. In terms of my understanding of
23 the various evidence that's been presented, the -- that
24 risk would exist, I think, only ^{at} Inuvik, Norman Wells,
25 Fort Simpson or Hay River because otherwise we're talking
26 about spread camps in between. The secondary, tertiary,
27 etc. workers, I think would only have occasion to be
28 in any of those four communities.

29 Now, --

30 Q With the exception, I take

Trusty & Hobart
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1 it, of those ones that may be linked up to that part
2 of the Dempster Highway that is now joining communities
3 in the delta. There's no reason why a person wouldn't
4 set up in McPherson or Aklavik in the winter time or
5 Arctic Red River.

6 A As an employee or
7 as --

8 Q I'm thinking of a secondary
9 person, a person in a taxi business in the -- who joins
10 up as a clerk with a store. A person who goes in to
11 start a business in one of these communities.

12 A M-hm.

13 Q And I'm talking specifically
14 about the delta because that's the area in which Mr.
15 Trusty has said there will be a great deal of secondary
16 and tertiary activity related to exploration and many
17 other things. There may be a good reason for people
18 to be in other communities than the main ones for the
19 special job that they have gone there to do.

20 WITNESS TRUSTY: On economic grounds I
21 wouldn't expect that though, Mr. Bayly. I'd expect
22 that people seeking to locate a business or be employed
23 in the service sector would go to the regional service
24 center, I mean that's ^{what} would make the most economic sense.

25 Now, that's not to deny
26 your point but simply to point out that I wouldn't
27 expect that people would turn to the smaller communities
28 for that kind of thing.

29 Q Well, Mr. Trusty, just
30 before we leave this, we have Dome Petroleum and others

Trusty & Hobart.
Cross-Exam by Bayly

1 using Tuktoyaktuk as a base. If I were a small businessman
2 and were looking for a place to locate something, I
3 might well think of Tuktoyaktuk as well as Inuvik. Would
4 you agree with me on economic grounds?

5 A It depends where Dome
6 Petroleum or the others are doing their procuring of
7 goods and services. You're right if they're actively
8 attempting to procure things in Tuk.

9 Q Yes, and you have no
10 control over that as a company.

11 WITNESS HOBART: In response
12 to your question to me, I can't think of anything, off
13 the top of my head, other than the obvious ones, that
14 is that this would be a time, I would think and hope,
15 of increased R.C.M.P. vigilance, that they're in small
16 communities of that sort, there are community pressures
17 which are operative on people who are out of line,
18 that --

19 Q You're thinking, I take
20 it though, only in a criminal sense?

21 A Pardon?

22 Q You're thinking only, I
23 take it, in a criminal sense?

24 A Well, the R.C.M.P. are
25 obviously relevant only in the criminal sense except
26 that it's possible to pick up the phone and say, "Officer,
27 I'm being molested by so and so" and you can use molested
28 in whatever sense you --

29 Q It's okay, he's my client.

30 A The informal controls are
more generally relevant and finally I would think that

1 the strength that native organizations are achieving
2 would be relevant in that kind of situation, insofar as
3 they saw native people in danger of suffering or being
4 victimized by outsiders.

5 Q Yes. Now, some of the
6 impacts have increased use of alcohol or examples from
7 people who may not set very good examples.

8 A I missed that, I'm sorry.

9 Q Whether we're talking
10 about the increased use of alcohol or people just setting
11 bad examples in the way they behave generally in a
12 social way, except for these controls that may not be
13 able to stop anyone, the communities are not very well
14 protected against the two or three people that may go
15 in and set bad examples, unless they behave in a
16 criminal fashion and the R.C.M.P can then put a stop
17 to it.

18 I'm not talking about the people
19 who get assaulted, the people who are causing infractions
20 of the liquor ordinance.

21 A No, I guess what I -- all
22 I'm wanting to add to that is that I'm sure that in the
23 past, in a place like Tuk in particular, let's say,
24 there have been examples of outrageous white behaviour
25 that native people have felt they had no alternative
26 but to put up with. That that kind of thing -- that
27 they're going to be told off increasingly by increasingly
28 self-assertive and increasingly militant, perhaps,
29 native people. I think that that -- I'm speculating
30 obviously, I think that that contrast will tend to build.

Trusty & Hobart
Cross-Exam by Bayly

1 It certainly built very rapidly in the last five years
2 or so and I don't think it's peaked out yet and I think
3 that has relevance to the issue you're concerned with.

4 Q I suggest to you though,
5 that the solution that -- of more militant native groups
6 may be a social impact in itself, which nobody looks
7 forward to, perhaps least of all the native peoples.

8 Nobody wants to cope with the
9 problem that way.

10 A That's a possibility as
11 well.

12 MR. BAYLY: Mr. Commissioner,
13 I see it's 5:00; I understand we have a motion that
14 people want to argue and I'd be prepared to continue
15 this tomorrow.

16 THE COMMISSIONER: Okay.

17 MR. GOUDGE: I think sir,
18 Mr. Bayly indicated to me earlier that he'd be able to
19 finish by lunch tomorrow and that means that since
20 we're the only people remaining that we'll be able to
21 complete this panel comfortably tomorrow.

22 MR. BAYLY: I suggest that if
23 we're going to do that, sir, that if it would be possible
24 to start at 9:00 rather than later that -- I can't
25 give any guarantees, but that would at least --

26 THE COMMISSIONER: 9:00.

27 MR. STEEVES: Because I agreed
28 to do so sir, can I speak to that question?

29 I received a long distance
30 telephone call from Mr. Veale of the Whitehorse Bar and

1 of counsel for the Yukon Organization, he told me that
2 he is not able to be here tomorrow and he asked me if
3 I would agree to bring back Mr. Trusty and Mr. Hobart at
4 a convenient date for cross-examination by him. I said
5 no, I would not agree to that, but I would inform him
6 -- I would inform you of his request. I understand my
7 friend, Mr. Bayly, is going to seek further -- seek
8 some instructions from Mr. Veale and perhaps speak to
9 the matter tomorrow.

10 MR. BAYLY: That's correct,
11 sir. I'll be trying to contact him on a phone tonight
12 and it may be possible for me to ask whatever questions
13 he has. I won't guarantee that.

14 MR. STEEVES: And I simply
15 told you about this because he asked me to.

16 THE COMMISSIONER: Yes, thank
17 you.

18 MR. STEEVES: Not to trouble
19 you about it.

20 THE COMMISSIONER: Well,
21 you want to start at 9:00.

22 MR. BAYLY: If possible sir,
23 yes.

24 THE COMMISSIONER: Okay. Well,
25 why don't we start at 9:15 and then if you're not through
26 at 12:30 we'll go to 12:45, and that way we'll work you
27 in.

28 MR. BAYLY: I'd be happy with
29 that sir.

30 THE COMMISSIONER: Well, we'll

1 excuse you gentlemen and we'll hear this argument, but
2 we'll see you both at 9:15 if not before.

3 (WITNESSES ASIDE)

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1 MR. GOUDGE: Sir, this motion
2 is being resumed as you will recall after your ruling
3 several weeks ago that it be put over until we were in
4 receipt of Mr. Hollingworth's prepared evidence for his
5 panel number one. We've now received that and had a
6 chance to review it. Since it's Mr. Hollingworth's
7 motion, perhaps he could speak to it in light of what
8 we now have before us.

9 MR. HOLLINGWORTH: Well sir,
10 I plan at the outset to restrict myself to those
11 objections I had with respect to Dr. Helliwell's evidence
12 and in the interests of letting everybody out early
13 to celebrate Therese de Bastille Day, Mr. Bell and I
14 have had some conversations in the hall. He's agreed
15 to withdraw certain portions of Dr. Helliwell's evidence.
16 If he withdraws those portions which I will ask him to
17 outline to you, then I withdraw my objections to the
18 balance of his proposed evidence.

19 THE COMMISSIONER: But I
20 should think we would -- well, all right.

21 MR. BELL: Yes sir. I'm not
22 sure what bearing it has on the issue of relevance but
23 I have agreed to withdraw certain portions of Dr.
24 Helliwell's evidence and perhaps just for the record
25 I could outline them. On page eight of his prepared
26 testimony the second paragraph starting about half-way
27 down through that paragraph, the sentence that begins:

28 "Our calculations indicate as shown in figure 1...
29 Starting at that sentence to the end of the paragraph
30 which ends at the top of page nine with the expression:

1 "Alaska by 1985..."

2 All that we have agreed to excise that passage inclusive
3 from "our calculations" to the number "1985" as well
4 as the figures that are mentioned in that paragraph.

5 In addition there will be
6 some consequential changes in the narrative of the
7 introduction and the concluding paragraph of the
8 evidence. I have agreed to withdraw the figures.

9 THE COMMISSIONER: Mr. Bell,
10 with that excision, would you tell me why I should
11 consider Mr. Helliwell's evidence because when this
12 argument was broken off two weeks ago, I was gravitating
13 to a point of view that there was nothing in it that
14 got me anywhere. Where is it going to get me now with
15 that passage removed?

16 MR. BELL: Yes sir. The --

17 THE COMMISSIONER: The thing
18 that troubles me about his evidence is he is telling me
19 how much gas we are likely to find and so on and so
20 forth. Here we have the Energy Board in Ottawa
21 with a complete staff, all of these companies, Mr.
22 Helliwell himself appearing before them running things
23 through computers, having a whale of a time. Everything
24 that he says is dependent on that. Now, dependent on
25 his calculations which he has excised, fine. But
26 everything he says is still dependent on his estimate
27 and the soundness of it, a matter that I am in no position
28 to appraise, of the reserves in the delta and the
29 Beaufort Sea and in Alaska and so on and so forth.

30 That's a bit of a slippery

1 slope. That's what troubles me. If you come in,
2 well why not the whole crowd storming in here. "We
3 want to tell you what we think the appropriate estimate
4 of reserves is. I don't know whether I am getting
5 through to all of you. But that's what troubles me
6 about this.

7 You see, you say -- you
8 advanced this evidence because you say if there's all
9 that stuff there, all that gas there, then there's
10 enough for the native people to share the wealth -- to
11 have a share in the wealth. Well that surely is a
12 question of principle that shouldn't be dependent if
13 it's a principle that is right and just -- that shouldn't
14 be dependent on how much is there. The question is
15 if the principle is sound, the question is one for
16 negotiation. Presumably everybody will take their
17 chances.

18 If you worked out with the
19 government an appropriate share of revenues -- percentage
20 share -- then you all take your chances. If it turns
21 out that you've got another pool of oil like the Persian
22 Gulf, you're all in good shape. If it turns out that
23 there's only 3 trillion cubic feet, then there isn't
24 as much money to go around. You see, you haven't
25 excised all this stuff and that would take us weeks.

26 MR. BELL: Oh but sir, I think
27 I've mentioned that the figures that he refers to which
28 you have got in your hand are --

29 THE COMMISSIONER: O.K. but
30 even if they are out, where does it--

1 MR. STEEVES: I was going to
2 say they are not out, you know, because if you leave the
3 content of Mr. Helliwell's evidence in there and there's
4 any kind of cross-examination or joining of issue on
5 that then they've got to come back in. I mean to
6 simply take their tables away, the result of the computer
7 calculations doesn't solve or remove that main issue.
8 That's what troubles me about it sir. I'm sorry to inter-
9 rupt you.

10 THE COMMISSIONER: No. No.

11 MR. BELL: I agree with you sir
12 that the principle is what we're interested in.
13 We're interested in it because we want to demonstrate
14 that building a pipeline prior to the settlement of land
15 claims would produce the claim. This is the way of
16 quantifying the principle. I mean it makes it easier
17 to understand the range of fiscal impact that we're
18 talking about here.

19 Perhaps I could refer you to,
20 since it was mentioned by Mr. Goudge, the summary
21 of evidence that was submitted by Mr. Hollingworth on
22 his panel, there is a series of questions in here dealing
23 with the fiscal impact of a pipeline on the projected
24 production royalty revenues. The applicant, Foothills
25 makes assertions about what impact this will have on
26 the revenue of the Territorial Government. In order to
27 come to some kind of reasonable assessment of that
28 impact, the applicant has made assumptions about gas
29 reserves, demand, the value of production.

30 THE COMMISSIONER: This is

1 McLeod's evidence?

2 MR. BELL: Yes. How much of
3 ^{be}
4 that would raked off in royalties? It seems to me
5 sir that if you want to get into the question --
6 questions like this, the fiscal impact on the Territor-
7 ies of this pipeline, then inevitably, you are stuck
8 with making some assumptions about gas supply and demand.
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1 THE COMMISSIONER: Can't we
2 -- that's a point with some force in it -- but can't
3 we do one of two things: Adopt the range of estimates
4 that the National Energy Board referred to in its
5 report on gas supply last summer, that's one option, if
6 we have to go back to the figures, or we can look at
7 the figure Mr. Horte gave us, or the figures he gave
8 us on the various occasions that he testified, and ^{has}
9 the figures that Mr. Blair has given us on the various
10 occasions that he's testified, and it seems to me
11 that on a common sense basis we can look at that
12 range of figures or maybe I'm bound to simply consider
13 the figure the Minister referred to when he was in
14 Yellowknife earlier in the year, three plus trillion
15 cubic feet.

16 But you see, I just think that
17 I would spend my time for the next month listening to
18 all of you talk about gas reserves, something about
19 which you all know very little and I know less, and
20 we wouldn't advance the position. I am really concerned
21 about that. Here we have this Board in Ottawa and
22 that's their job, and whatever you may say about
23 the estimates they've made in the past, it's still their
24 job under a Statute enacted by Parliament. That is
25 their job, not mine. What confusion would result if
26 you were allowed to call this evidence, counter-evidence
27 was called by Arctic Gas, Foothills, somebody, and I
28 were to make a finding, you know, this is how much gas
29 is in the delta. There would be eyebrows raised in
30 the Board ^{rooms} of the industry and no doubt in ministerial

1 offices in Ottawa, and they would wonder why I happen
2 to decide that I was going to give the country the
3 benefit of my views on the extent of Canadian gas
4 reserves. That's what's troubling me about it.

5 We've got enough to do here.
6 You've raised a number of important issues in your
7 evidence. You've called a number of witnesses that
8 have gotten us well into Phase 4,
9 searching examination of a number of issues, and now
10 you've come along and want me to listen to Helliwell
11 tell me how much gas there is in the delta. The
12 whole thing just makes me uneasy.

13 MR. BELL: That's apparent,
14 sir. Could I add just one further point? I know that
15 the National Energy Board is not charged with assessing
16 public convenience and necessity in the cases of
17 producing mines and the oil well at Norman Wells. But
18 if you recall Mr. Jelliss' evidence what he was
19 doing was assessing the present value of past economic
20 rents for those enterprises. I think he demonstrated
21 that the recognition of native claims has prejudiced the
22 claims because of that.

23 THE COMMISSIONER : All right.

24 MR. BELL: And to the extent
25 that he calculated it in his studies.

26 What Helliwell is doing is
27 the same thing except it's in the future.

28 THE COMMISSIONER: And you've
29 put it very, very well. Jelliss was telling us
30 what share native people had received by way of wages,

1 from the exploitation of resources in the north in
2 the past. Now, he was working with figures well-known
3 to economists and he worked away at them and said,
4 "Right, they got 0.02% of all that money that came
5 from the resources that, according to the Brotherhood,
6 belonged to the native people." That's an argument
7 that someone even as dense as myself can understand.
8 And you building on that substratum of facts say, "So
9 the same thing is going to happen with all this oil
10 and gas which belongs to us unless our land claims are
11 settled first."

12 I understand that argument.
13 Jelliss made his point. He made it specifically with
14 respect to Pointed Mountain, and these other things as
15 well. I've got that, I understand it, and in argument
16 I'll expect you and your learned friends to say
17 something about it. Now, why is it necessary for
18 me to try to sort out the extent of gas supply in the
19 delta in order to apply that principle ^{if} it ought to
20 be applied, in order to apply that reasoning if it
21 ought to be applied to the exploitation of oil and gas
22 resources in the future? Your argument is that they
23 must be worth something or you wouldn't have these
24 companies retaining counsel at extravagant fees to
25 come up here and present the case. They've already told
26 us there's trillions of cubic feet vital to Canada to
27 get it out.

28 How does it help you and how
29 does it help me to assess your argument, to go into
30 all this stuff about the extent of the reserves? I

1 don't -- I really don't get it.

2 MR. BELL: Well, believe me,
3 sir, if we could make the point without going into the
4 extent of reserves, we'd be happy to do so. But
5 as I understand these things, there are certain economic
6 impacts that this pipeline will have in the Northwest
7 Territories which you can't assess without making some
8 assumptions about reserves,

9 THE COMMISSIONER: Well, the
10 Minister's last statement was three point something
11 trillion cubic feet. Mr. Blair has been before me
12 a number of times, and he has, I think, said, "Well,
13 it's something like seven trillion, and if you look
14 at it carefully it comes out close to 11, and so on."
15 M r. Horte, he said last summer when he was here, I
16 think he said the present reserves were six or seven
17 trillion, that is present likely or whatever it's
18 called -- probable.

19 Now I don't know what Helliwell
20 says in here, but I don't see how it assists me. There
21 is enough there that two of these companies want to
22 build a pipeline. The oil and gas industry wants to
23 build a pipeline. The oil and gas industry wants
24 to build a pipeline. The oil and gas industry is there,
25 and the two Canadian organizations are here, two
26 Western Canadian organizations. They want to build a
27 pipeline. Surely that yields an inference that there
28 is enough oil and gas there to support a project that's
29 going to cost billions and make a profit for the oil
30 and gas industry, and your argument is, "We're entitled

1 to a share of that, because we own the stuff and
2 we want a share of the royalty."

3 I'm putting your argument
4 very baldly and I know I'm not doing justice to it, but
5 that's putting it in terms that anyone in Canada would
6 comprehend. Why we have to go further and start
7 juggling these figures, and they'll still be juggling
8 them long -- I don't mean "juggle", but they'll still
9 be, you know --

1 MR. BELL: Perhaps there are
2 others who want to speak.

3 MR. GOUDGE: If no one else
4 does sir, I --

5 MR. BAYLY: I didn't understand--

6 MR. STEEVES: If you want
7 to find a reply, I have something to say.

8 MR. HOLLINGWORTH: I've got
9 something to say.

10 MR. BAYLY: I also sir.

11 MR. GOUDGE: Shouldn't have
12 been so quick.

13 THE COMMISSIONER: Well Mr.
14 Bayly, did you want to say anything?

15 MR. BAYLY: Yes, just briefly
16 sir that I believe your main concern is that you don't
17 want to get involved in the debate as to how much gas
18 there is there. As I read the Helliwell evidence, it
19 isn't necessary for you to get into that. The reason
20 being this, that we have in various other pieces of
21 evidence from all the other participants had evidence
22 which is based on certain premises or scenarios or
23 possibilities. Now we've had the evidence called on
24 the possibility of ^aspill in the Beaufort Sea and its
25 consequences. That doesn't mean there will be one.

26 We've had the evidence very
27 recently of Arctic Gas saying that it can do certain
28 things and have certain policies with regard to control-
29 ling men. Now those are contingent on agreements which
30 have not yet even been discussed. I think sir, that

1 similarly you can hear evidence with regard to the
2 regional impacts of the use of whatever resources are
3 there based on a scenario figure. So that if you felt
4 that you should make a recommendation you could say
5 that if the Energy Board finds that there is sufficient
6 gas or a certain amount of gas, here are the consequences
7 regionally of producing a pipeline at this juncture,
8 at a later juncture on the native peoples who are claiming
9 an interest in those resources.

10 So I think sir that you don't
11 necessarily have to make a recommendation with regard
12 to the figures but it may be that you are the only forum
13 in which those regional impacts of delay or right now
14 can be discussed. The Energy Board is going to say that's
15 your job and then where are we going to be? They
16 are not interested in regional impacts.

17 THE COMMISSIONER: All right.
18 Let me see if I understand you. You're putting it
19 somewhat differently. You're talking about something
20 else. You're saying that if you're going to settle
21 the land claims before you build a pipeline, then you
22 can't build a pipeline for a period of years. Let
23 us say five years.

24 So you then want me to consider
25 Helliwell's evidence to assist me in determining what
26 the regional impact will be if the pipeline were built
27 now and compare it to what it would be if it were built
28 five years from now.

29 MR. BAYLY: Essentially yes,
30 sir. In just the same way you've taken the figures

1 that have been given by Mr. Horte and by Mr. Blair, with
2 a grain of salt as far as being able to discern between
3 which one is right and which one is not right, you,
4 I submit can do the same thing with regard to the
5 Helliwell figures but they are a necessary scenario to
6 create before the evidence he gives on the regional
7 impacts can be put forward. That doesn't mean that
8 we have to debate those numbers. You certainly didn't
9 debate the numbers led by either Mr. Blair or Mr. Horte.

10 THE COMMISSIONER: They
11 debated them.

12 MR. BAYLY: Well they may have
13 but we didn't go into extensive cross-examination sir
14 nor did we debate the figures that Mr. Shearer put
15 forward when he said , "Here is a possible scenario
16 of the maximum number of wells based on the geological
17 formations". We didn't get into National Energy Board
18 questions on that. We just saw a physical picture.
19 He was using judgment similar to that exercise I submit
20 by Mr. Helliwell to create that scenario.

21 THE COMMISSIONER: Yes.

22 MR. BAYLY: That's all I have
23 sir.

24 MR. STEEVES: Speaking to my
25 friend Mr. Bayly's submission, I say this. I agree
26 that there are three or more sets of numbers about
27 reserves in the delta and the reserves in Prudhoe now
28 before you. But I say to you sir that the significance
29 or purpose to which that evidence is to be put escapes
30 me. In sort of a general stream of consciousness way,

1 Mr. Horte and Mr. Blair have discussed those figures.

2 THE COMMISSIONER: It's part
3 of their lives.

4 MR. STEEVES: Sure, that's
5 right. Now, as I understand it, what we're leading
6 into here is here is evidence on the reserves and we're
7 asking you to make a finding because it's fundamental.
8 I assume that nobody's wasting your time by leading
9 evidence that's not fundamental. It's fundamental to
10 our submission that you make a finding about this
11 question because we are going to ask you to make a
12 finding as to what a fair share is. That's what I
13 understand the position to be.

14 THE COMMISSIONER: Just let me
15 interrupt you for a moment. Helliwell said, "These
16 estimates provide an estimate of the potential value of
17 any land claim covering these producing properties".

18 MR. HOLLINGWORTH: What page
19 is that, sir?

20 THE COMMISSIONER: At the top
21 of 7. Sorry, carry on.

22 MR. STEEVES: Well I want to
23 say this. If I am correct in that and that's what you
24 are going to be asked to do in argument, my brief on
25 this question requires me to in effect offer you a
26 replication of what went on in the supply and deliver-
27 ability hearings before the National Energy Board and
28 to get into a debate with Helliwell about whether his
29 macro-economic model is an accurate ^{one} and whether he has
30 taken into account all of the factors that he ought to
take into account in reaching the conclusions that he
has about reserves, both in Prudhoe and in the delta.

1 THE COMMISSIONER: What about
2 Mr. McLeod's evidence seeking to quantify fiscal
3 revenue streams?

4 MR. STEEVES: I am going to
5 take the same position on that sir. I don't want to
6 complicate this thing but it seems to me that you'll
7 remember we had an exchange the other day about this
8 question. Even if it was that simple. Of course I
9 can't speak for my learned friends. That's all they
10 are going to say. Here's what belongs to us and this
11 is what we should get. Because there is 21 trillion
12 feet in the delta or "x" trillion feet, you multiply
13 that out and this is the value of our interest in that
14 natural resource.

15 We talked about whether or not
16 you were going to make recommendations as to changes
17 in the constitutional arrangement between Ottawa and the
18 Territories and whether or not you were going to make
19 recommendations as to changes in the fiscal arrangements.
20 Are we not sir getting into that question if we get
21 into the issue that we seem to be leading to in this
22 evidence?

23 I respectfully agree that we
24 ought not to ignore this question but surely the
25 simple and reasonable and fair way to deal with it as
26 you suggest. There's a range of figures here from a
27 low of this to a high of that. It's either that or
28 counsel will insist that you make a finding. I can't
29 see any alternative.

30 THE COMMISSIONER: Can I just

1 ask Mr. Bayly a question? A point you make seemed
2 a forceful one when you made it but it just occurred to
3 me how can Helliwell's supply figures relate to the
4 question of postponement of construction of the pipeline.
5 I mean if, you see, I were to recommend that land
6 claims be settled before a pipeline is built and the
7 government adopted that recommendation that would mean
8 that the building of the pipeline would be deferred.

9 What can Helliwell say about
10 gas supply in the delta that's going to make a difference
11 to that?

1 MR. BAYLY: On page 8 of the
2 summary that's been presented by the Brotherhood, he
3 talks about the federal government's gains and losses
4 depending on deferral. Assuming that the land settlement
5 is with the federal government.

6 THE COMMISSIONER: I'm sorry,
7 I'm on page 8 where does it say --

8 MR. BAYLY: Down at the middle
9 of the bottom paragraph. It says the federal government
10 gains in the south and loses in the north as
11 development is deferred and on balance --

12 THE COMMISSIONER: Well, that's
13 the passage Mr. Bell just agreed to delete. I've got
14 it marked out here.

15 MR. BAYLY: Did you get rid of
16 that?

17 MR. BELL: I think Mr. Bayly
18 is referring to it only for the purpose of making his
19 point, sir.

20 THE COMMISSIONER: Right, all
21 right, okay.

22 MR. BAYLY: That's a bit unfair,
23 Mr. Bell.

24 The federal government is going
25 to want to know what the consequences of delay are with
26 regard to the land claims. Now, whether taking this
27 piece of evidence out or leaving it in makes any sense,
28 I don't know, but --

29 THE COMMISSIONER: Well, he says,
30 you see, if you look at -- he says, deferred development

1 lowers the U.S. benefits from trans-shipping Alaskan
2 gas, and then he says, "deferral of the Arctic Gas project
3 probably means the U.S. would choose the El Paso project
4 over CAGPL." Well, that's a geo-political projection,
5 that we can all have opinions about and -- but ultimately
6 the Cabinet has to sort that out.

7 MR. BAYLY: Well, this is, --
8 with regard to that, we've heard opinions about that, to
9 which you have said, there were certain things that
10 Dr. Pimlott said, for example, that you said, "thank you
11 very much, but I may have to disregard that because it's
12 none of my business."

13 THE COMMISSIONER: I'm sorry,
14 what was that about Dr. Pimlott?

15 MR. BAYLY: There were certain
16 things that he said that were opinions that you said
17 anybody could have, but that you wouldn't necessarily
18 consider from the point of view of making recommendations
19 because you considered them to be none of your business,
20 but that wasn't a reason for either allowing or disallowing
21 his evidence and I'm just submitting that that particular
22 kind of statement isn't necessarily going to the usefulness
23 of the bulk of the evidence.

24 Farther up, I see Mr. Bell has
25 left in a section that says if the delta gas is developed
26 before it's needed, then it would be necessary to shut
27 in non-frontier gas to make room for delta gas.

28 THE COMMISSIONER: Where is that
29 now?

30 MR. BAYLY: This is just above
that.

1 THE COMMISSIONER: Oh yes.

2 All right, you say if the delta
3 gas is developed before it is needed that it would be
4 necessary to shut in non-frontier gas to make room for
5 the delta gas. Surely it doesn't mean shutting in
6 Alberta gas? Maybe it does.

7 Only empirical analysis can
8 show --

9 MR. BAYLY: But I'm submitting
10 sir, that you don't have to get into that analysis.
11 If a point like that is raised to you, I would submit
12 that you can say, here's a question for the National
13 Energy Board, if they answer it A or B, then a conditional
14 recommendation may be that the project should be delayed
15 until land claims, it's in the interests of the government
16 as well as the natives to put it on right now, to delay
17 it or whatever.

18 THE COMMISSIONER: But the
19 government will look to the Board to advise it on that
20 -- on questions of shutting in on frontier gas and so
21 on and so forth.

22 MR. BAYLY: Well sir, our
23 dilemma is that the Board will look at part of this
24 question but they won't look at the other part of it,
25 so they probably wouldn't hear this evidence either.

26 THE COMMISSIONER: What's the
27 part they wouldn't look at? Tell me what that part is.

28 MR. BAYLY: I would suggest
29 that they're not particularly interested in the regional
30 impact on native peoples, of delay or not delay as it

1 relates to the land claims.

2 THE COMMISSIONER: But Mr.
3 Bayly, can you point to one sentence where he says some-
4 thing about the regional impact of delay that is set
5 independently of all this business of, if you have so much
6 in Alaska and so much here, it's shut-in non-frontier
7 gas and so on and so forth? Aren't you --

8 MR. BAYLY: No, you can't sir.
9 Any more than you could say in Mr. Shearer's evidence
10 that you can ignore the geological formations and their
11 potential in trying to create a scenario for what the
12 delta is going to look like, and that may be a national
13 question, whether to go ahead with that development; but
14 one of the consequences that you agreed to look at there,
15 of the building of the pipeline was that it would mean
16 more frontier exploration and possibly development.

17 THE COMMISSIONER: Yes, and
18 everybody assumed that it would.

19 MR. BAYLY: Right, but we
20 didn't necessarily then get into the question of whether
21 Mr. Shearer's estimate was better or worse than Arctic
22 Gas', in fact they cross-examined it very little as
23 far as the numbers were concerned. The producers were
24 there at that time too, as I recall, and they chose not
25 to cross-examine it. I'm submitting that Mr. Steeves
26 point, that he has to test this -- he may feel he has
27 to test it. I'm suggesting that he hasn't tested it
28 in the past, any more than we tested the figures that
29 Mr. Blair and Mr. Horte presented as reasonable estimates
30 and any more than they tested each other. There was a

1 little bit of questioning but hardly the National
2 Energy Board type of questioning, to determine whether
3 or not these forecasts were accurate and the producers,
4 sir, gave you a picture of the proven, possible and
5 potential resources in the delta. We didn't test those
6 with the idea of making recommendations as to whether or
7 not there was enough gas or not enough gas to justify
8 a pipeline. I would suggest you can look at this evidence
9 in the absence of having to decide a question of whether
10 Mr. Helliwell or Mr. Blair or Mr. Horte had the right
11 numbers.

12 THE COMMISSIONER: But, you see,
13 -- actually you've made that point very effectively, but
14 once you say, "well, let's just assume Helliwell's
15 scenario" and let's not take Mr. Steeves seriously when
16 he says he would want to cross-examine on the figures
17 that go into the scenario. Let's assume that we all will
18 buy his scenario for the purpose of having a discussion.
19 Once you eliminate that scenario, it seems to me there's
20 virtually nothing left. He says virtually nothing about
21 regional economic impact. That's what's troubling me
22 about it.

23 You see my point there?

24 MR. BAYLY: Well, the regional
25 economic impact is only the result, I can see that.
26 The result to whoever the people are that share in the
27 value of what's there. To that extent, the result is
28 regional assuming that some of the share stays with the
29 native peoples of the Northwest Territories.

30 THE COMMISSIONER: Yes, now that

1 really means that notwithstanding that point you made
2 seemed a sound one at first blush. You're now
3 right back to Mr. Bell's point, which is, we want to
4 show you, Judge, how much there may be here, because it
5 demonstrates the necessity for settling our land claims
6 so we get our share of it, before the pipeline goes ahead
7 and takes it all out and we don't get any. Which
8 what it all comes down to, and that's a point that you
9 and the organizations that Mr. Bell and you represent,
10 have made again and again and which the native people
11 of the north have made at the Inquiry hearings in the
12 communities and it's --

13 MR. BAYLY: My concern --

14 THE COMMISSIONER: I can't
15 see that Helliwell's adding anything to the thing.

16 MR. BAYLY: Well sir, inasmuch
17 as he says that you must make this analysis, not you
18 personally, but that the government must make this
19 analysis, it may be that you would want to consider a
20 recommendation based on his evidence. But in order
21 to assess in economic terms whether land claims should
22 be settled prior to the construction of this pipeline,
23 that analysis must be made.

24 THE COMMISSIONER: Well, surely
25 the Energy Board's going to do all these things. Surely
26 they're going to figure out how much gas is there and
27 weigh the whole question, well, should we develop the
28 Alberta reserves now and hold the frontier reserves
29 until later? What about the Americans, what about
30 exportive gas? That's their bag and they, when the govern-

1 ment comes to decide this, they'll have before them
2 my report dealing with impact in the north, my recommenda-
3 tions. They'll have to grapple with this question and
4 they'll have the Energy Board's report before them and
5 they will then be in a position to say, presumably,
6 what measures they will take to -- first of all they'll
7 have to say whether they are going to build a pipeline,
8 I suppose. Then, whether, if it will ameliorate impact
9 in the north, to postpone it, whether they're going to
10 postpone it and the figures the Board comes up with and
11 the recommendations that I come up with will give them
12 the basis for making that judgement and as our political
13 masters, that's their job.

14 I shouldn't say political
15 masters, but as the people who have to make their minds
16 up about this, they -- that's what they'll have to do,
17 and they will have to fit the two pieces together.

18 Anyway, I've forgotten, did
19 we interrupt you, Mr. Steeves?

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1 MR. STEEVES: No sir, not at all.

2 THE COMMISSIONER: Mr. Holling-
3 worth?

4 MR. HOLLINGWORTH: Well, sir,
5 for the moment I'd like to restrict myself to responding
6 to Mr. Bell's proposed evidence. I agreed with Mr.
7 Bell to withdraw my objection if he withdrew the por-
8 tion that's been indicated to you along with the tables.
9 I've therefore been rather puzzled, listening to Mr.
10 Bayly, saying what the evidence now seeks to prove.

11 In my submission, what is
12 left is an assertion that Arctic Gas' route, say is
13 three billion over the El Paso route, and that's
14 available to the natives so if he wants to make that
15 assertion I'm not going to object. He makes a second
16 assertion that if you take 21 trillion feet as a
17 guess as to what the reserves are in the delta and
18 take a stab at \$2.25 as being the city gate price
19 in Toronto, then you come down to some rents of 4.6
20 billion, and if he wants to make that assertion,
21 that's fine. I could go up and make it myself, I
22 suppose; and his third point, I think --

23 THE COMMISSIONER: What was
24 his second point again?

25 MR. HOLLINGWORTH: He just
26 takes 21 trillion cubic feet as being the possible
27 reserves in the delta and multiplies it by the gate
28 price in Toronto of $2\frac{1}{4}$ and comes up with rents of 4.6
29 billion dollars. But I don't know that it takes Dr.
30 Helliwell coming up here all the way from Vancouver

1 to say -- to make that point, you know, I guess we're
2 all capable of working it out on pencil and paper.

3 THE COMMISSIONER: If there
4 is 21 trillion.

5 MR. HOLLINGWORTH: If there is.
6 I'm not sure what value it is to you to know that, to
7 know that 21 trillion times $2\frac{1}{4}$ comes out to 4.6 billion.

8 MR. BELL : You have to subtract
9 the income tax.

10 MR. HOLLINGWORTH: I still ques-
11 tion what value it is.

12 The last point is that he makes
13 a few general statements in view of the deletions, he
14 makes a few general statements about whether a delay
15 mightn't be a good idea, but he has no figures left
16 to back him up, and he has no stated dates upon which
17 the tide turns economically. He's just making a few
18 --

19 THE COMMISSIONER: He goes
20 along with land claims. That's what he's telling us.

21 MR. HOLLINGWORTH: Well, he
22 goes along with land claims and says, "If this
23 happens and if that happens and this happens, then
24 probably it's better to wait," but it may not be and
25 then he goes into the other hand. That's fine, if he
26 wants to say that again, I have no objections but I
27 question the value of the whole thing, although I'm not
28 objecting to it.

29 THE COMMISSIONER: Mr. Goudge,
30 you were going to lead us out of this morass.

1 MR. GOUDGE: And now it's
2 hopeless.

3 My first comment, sir, is
4 that I would hate to see us develop a rule of thumb
5 that admissibility depended on being helpful to you,
6 sir. That would knock out 9/10ths of cross-examination,
7 and perhaps 9/10ths of evidence in chief, as well.
8 It seems to me, sir, that we're being unduly hard on
9 Dr. Helliwell and the arguments Mr. Bell may make
10 on the basis of it.

11 I submit that the evidence,
12 as I think Mr. Hollingworth fairly capsulized, is
13 clearly within your jurisdiction, and nobody, I
14 think, anticipates that you will be asked to or indeed
15 will make a specific finding on the reserves in the
16 delta. We have a variety of alternatives that have
17 been offered. None of them, I think, purporting to
18 be scientifically sufficient to --

19 THE COMMISSIONER: Excuse me,
20 Mr. Goudge. If all that he says is what Mr. Holling-
21 worth just said, why does he have to come here to
22 say it? Mr. Hollingworth just said it. No, seriously.
23 Isn't that about all there is to it?

24 MR. GOUDGE: But respectfully,
25 sir, that is a totally different issue as to whether
26 it's within the jurisdiction set out by your mandate.
27 You may feel, Mr. Hollingworth clearly feels and has
28 said so, that he doesn't think it's very helpful to
29 you. We each have our own views among counsel as to
30 the views of other counsel's evidence, and don't

hesitate to express them in private; but that is a different issue, if I may say, in my submission, as to whether you have the jurisdiction to deal with it.

THE COMMISSIONER: All right, let me just ask you. The first point he makes is that Arctic Gas over El Paso, a \$3 billion saving to the consumers of Alaskan gas, so Canada should get a chunk of that if we do it that way. The only way the natives will get a chunk of it is through land claims, so if we're going to settle land claims the Americans will go the El Paso route, and that saving won't be available to us.

Now, that's all that he says, but he says if we have 21 trillion feet in the delta, then there's even more money available there so deferral will not mess up either the natives or Canada, because there's 21 trillion there. It's all dependent on a figure that the industry won't support. Maybe the Energy Board will say, "Well, Helliwell is right." Maybe they should have listened to him in the past, I don't know.

MR. GOUDGE: Well --

THE COMMISSIONER: O.K.

MR. GOUDGE: -- let me say this, sir. As I understand Mr. Bell's case, it doesn't depend on a specific finding that he will ask you to make of 21 trillion cubic feet. It is really in the nature of a scenario. If 21 trillion cubic feet, then

1 the amount that's available to be shared and land
2 claims are included in that share is X billion dollars.
3 The helpfulness of that evidence to you is one issue;
4 the admissibility ^{of it} is quite another when I think, as
5 I understand it, Mr. Bell is not going to be asking
6 you to make a finding that there are 21 trillion cubic
7 feet. That is an assumption essentially made in Dr.
8 Helliwell's evidence for purposes of another assertion
9 that he seeks to make the point.

10 THE COMMISSIONER: O.K., so
11 that at the end of the day if I were to buy the Bayly-
12 Bell-Goudge thesis, and all the evidence were to hang
13 together, I would be saying to the Government of Canada,
14 "If you postpone," this is what it all comes down to,
15 "If you settle land claims, you will have to postpone
16 the building of a pipeline. That means the Americans
17 may well go the El Paso route so you'll lose whatever
18 your rightful share of \$3 billion in savings would
19 have been, that is whatever you creamed off the
20 American -- the value of the American gas as it went
21 by, you could have shared that with the natives. But
22 if you postpone settling land claims, then there's
23 21 trillion cubic feet in the delta and that's worth
24 \$4½ billion, and you can share that with the natives
25 so everybody wins."

26 I'm supposed to be saying that
27 to the Government of Canada, if all of this were to
28 hang together. Is that right?

29 MR. GOUDGE: Well, far be it
30 from me, sir, to put the argument to you that Mr. Bell

1 wants to put to you on the basis of his case, but as
2 I understand him, he doesn't seek to ask you to make
3 a finding that there's 21 trillion cubic feet in the
4 delta.

5 THE COMMISSIONER: No, no.

6 I'm to say to the Government of Canada, "If
7 you settle land claims you won't get the Arctic
8 Gas project is dead. O.K., if you settle land claims,
9 the Arctic Gas project is dead because the Americans
10 will move their gas out through El Paso.
11 But if it happens to be that there's 21 trillion cubic
12 feet, then we've lost nothing and we've got lots of
13 money for Canada, lots of gas, and we can share the
14 royalties with the native people."

15 So that's really all we're
16 left with, is that if there's 21 trillion cubic feet,
17 then we can postpone. Well, the Government of Canada
18 must be smart enough to figure that out for themselves,
19 if the Energy Board makes a report that there's 21
20 trillion cubic feet.

21 MR. GOUDGE: Well, that goes
22 essentially, sir, to the point I made before, that
23 as Mr. Hollingworth put it to you, he doesn't think
24 this evidence is very helpful to you. But provided we
25 are not being asked to get into a debate over the
26 number of trillion cubic feet in the delta, it seems
27 to me that we're dealing with material that for what-
28 ever purposes Mr. Bell seeks to use it, is not beyond
29 your jurisdiction.

30 Let me just add to it this

1 point, that I think on a number of other occasions,
2 as Mr. Bayly has given you examples of, there has been
3 evidence that has been implicitly founded on assumptions
4 about gas reserves. Mr. Shearer's evidence was clear.
5 He founded all his evidence on assumptions about gas
6 reserves. Those were clearly assumptions, and you never
7 were to be asked to make findings of fact.

8 I'd also say that it seems
9 to me on a quick reading that some of the Foothills
10 evidence must have behind it assumptions as to gas
11 reserves. There appears to be evidence relating to
12 price of gas for northern communities. I would have
13 thought, sir, that that kind of evidence is very useful
14 to you. I mean I make no bones about my position on
15 that kind of evidence. I think that's the kind of
16 evidence that is of great help to you.

17 THE COMMISSIONER: All right,
18 let me just interrupt you, Mr. Goudge.

19 All right, I think I go along
20 with you on that. Let's assume these are just assump-
21 tions, we don't go behind them. Now that's the point
22 you're making.

23 MR. GOUDGE: Yes, sir.

24 THE COMMISSIONER: O.K., we
25 make an assumption ^{that} there's 21 trillion cubic feet. Now
26 having made that assumption, what has Helliwell got to
27 say to us? He says, "If you multiply that by 2½,"
28 which is my assumption about the city gate price in
29 Toronto, "then this is how much money there is and
30 Canada will not lose anything by deferring the project for

1 five years or ten years or whatever it is, to settle
2 native claims."

3 Now that seems to be, if we
4 make all of Helliwell's assumptions, if his evidence
5 begins, there is 21 trillion cubic feet of gas in the
6 delta, ^{if} that's the first sentence in his evidence and
7 we say, "Right, Mr. Helliwell, we are not going to
8 make a finding to that effect, but if that's the
9 assumption on which the rest of what you have to say
10 is made, then you can come here."

11 So he comes here, that's the
12 first sentence of his evidence, 21 trillion cubic feet.
13 Then he says, "Now I assume also that city gate price
14 in Toronto in the 1980s will be 2½ dollars. I multiply
15 21 trillion by 2½ and I get whatever I get, so you
16 don't have to worry about postponing the pipeline to
17 settle land claims, Q.E.D., goodbye."

18 Now, what else is there in it?
19 Isn't that something that in argument Mr. -- anybody
20 could say to me? If these are just assumptions, I
21 can assume anything I want and do the addition myself
22 and I don't need Helliwell. Am I being unjust to Mr.
23 Helliwell or to Mr. Bell or to any body?
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1 MR. GOUDGE: My reaction is
2 if that kind of rule were applied to counsel in cross-
3 examination, as I said before, we would probably in
4 much better shape than we are now. That is, you know,
5 we all tend, I think, to try to cross-examine and in
6 some cases lead evidence on matters that perhaps could
7 be easily characterized as argument. To me that doesn't
8 go to its admissability. That goes to the usefulness
9 that it may serve for you.

10 THE COMMISSIONER: Well, let
11 me see if I can sum up where we sit on this thing. You
12 see, Arctic Gas says that there are savings to Canada
13 in terms of unit cost to delivery by going into this
14 joint venture with the United States. Theirs is a
15 joint venture. They say "This is the big thing, Canada.
16 You will save yourself some money by going into
17 business with us. We'll piggy-back your gas to the
18 south." Now that's a pretty important question and
19 no one will ever know the answer until the Energy Board
20 comes up with it.

21 Foothills, on the other hand,
22 says, "There's lots of gas there" and the people who
23 say that we shouldn't build the Arctic Gas line go along
24 on the same basis, 21 trillion cubic feet. So it really
25 just amounts in the final analysis to an argument against
26 the Arctic Gas proposal saying that we don't need --
27 Canada doesn't need to go halves with the United States
28 on a joint pipeline because we've got enough to build
29 our own pipeline in our own sweet time. If you want
30 to go along with El Paso, Arctic Gas or the United States,

1 good luck and God bless.

2 Now that's all it all comes
3 down to. That's an argument that they're going to be
4 thrashing around in the Cabinet and in Parliament and
5 I suppose in Congress too for all I know. I don't
6 get it.

7 MR. GOUDGE: Well, my fundamental
8 point, sir, and I make it before and I'll just capsulize
9 it then stop, is that as I understand it both the
10 evidence as to trillions of cubic feet and the city
11 gate price proposed are put forward in the nature of
12 scenarios -- the nature of assumptions.

13 THE COMMISSIONER: Yes. Right.

14 MR. GOUDGE: Not as ~~bases~~
15 for assertions that you should make findings on either.

16 THE COMMISSIONER: Oh no, no.
17 I've got it. I've got it.

18 MR. GOUDGE: The arguments to
19 be derived from that, I think, are again I find myself
20 trying to make the arguments that I assume Mr. Bell
21 will make and he can do that better than I can, but I
22 would assume that he would argue that that's the size
23 of the pie that's available for land claims and in
24 addition that that's the cost that can be shared if the
25 matter is put over until land claims are settled.

26 THE COMMISSIONER: If it turns
27 out we've got a lot of gas in the delta, then enough
28 to justify our own pipeline, then we don't have to rush
29 in to the Arctic Gas project and we can build our own
30 in our own sweet time, get our own house in order.

1 Settle land claims. That's the Foothills case. But it's
 2 a case that the Cabinet has to consider in those
 3 broad geopolitical terms when they know more than we
 4 know now, when they've got the Energy Board's report and
 5 my report. That's what these two companies will be
 6 fighting about till the decision is made.

7 Well, anyone else want to
 8 say anything? Well, what about Mr. McLeod's evidence?
 9 Do you people want me to rule on Mr. Helliwell's
 10 evidence or do you want to argue the matter of Mr.
 11 McLeod's evidence before I rule on Helliwell's?

12 Before I do that, Mrs.
 13 MacQuarrie, did you want to say something?

14 MRS. MacQUARRIE: I realize
 15 the ^{seriousness} of this . Perhaps I haven't grasped the
 16 undercurrents correctly but it seems to me that it
 17 mainly is a matter of housekeeping in that this material
 18 needs to be heard, of course. But perhaps this isn't
 19 the right forum for us and could not the National Energy
 20 Board's terms of reference be expanded slightly to
 21 include the regional impact just for this, Foothill's
 22 evidence and Mr. Helliwell's? They could come back perhaps
 23 with their recommendations which is as I say, tie in with
 24 in with yours in /the final stage when the Board is considering it?
 25 Is that possible?

26 THE COMMISSIONER: I doubt that
 27 it's possible but the point I was trying to get across
 28 to these gentlemen was that I didn't think Mr. Helliwell's
 29 evidence told us anything about regional impact.
 30 Nothing. Nothing at all.

1 MRS. MacQUARRIE: But they'd
2 rather that you listen to the Energy Board.

3 THE COMMISSIONER: That's
4 about it.

5 MR. STEEVES: Well it seems
6 to me, if I may speak for myself, sir, that I suppose
7 there is an issue of whether or not certain parts of
8 Mr. McLeod's evidence are any different in character
9 and significance than what Mr. Helliwell -- I am
10 content to leave it this way that there are certain
11 parts of Mr. McLeod's evidence that I would submit are
12 not admissable if you find Helliwell's evidence not
13 admissible.

14 But I am prepared to deal with
15 that when Mr. McLeod gives his evidence. I can
16 deal with it in one minute. . I can say ^{that it's the same,} /this is why
17 it's the same because of its effect. If you rule
18 against me, you rule against me. I am prepared to wait
19 for that.

20 THE COMMISSIONER: Well I've
21 kept you all here too long. I'll look at Helliwell's
22 evidence again and rule in the morning at 9:15.

23 MR. STEEVES: Do you want
24 the references in McLeod's evidence?

25 THE COMMISSIONER: No, let's
26 leave McLeod's evidence. No one has objected to his
27 evidence. You say you're willing to wait, so let's
28 get Helliwell disposed of and then move on to McLeod.

29 MR. STEEVES: That's makes
30 sense to me.

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